



Energy Stocks: Oil Companies Just Hit a Huge Buy Signal

Description

Over the past 12 months, there has been a tonne of action in markets. Several industries have lagged due to the coronavirus pandemic, while others have seen massive tailwinds. With all that's gone on, though, it can be easy for some of the best value stocks to slip through the cracks. That's precisely what's happened to energy stocks over the last few months.

Energy stocks were some of the worst impacted companies in 2020. While a lot of attention went to businesses in travel, hospitality, and tourism, energy producers were hit significantly.

In addition to a significant fall in oil prices, energy companies also had to deal with production curtailments. This resulted in a major selloff in energy stocks.

However, while this was warranted in 2020, in 2021, with an [economic recovery](#) now in sight, energy stocks present some of the best value investments.

WTI oil crosses \$50 a barrel

On Tuesday, West Texas Intermediate (WTI) oil prices crossed \$50 a barrel for the first time since February. While this is due to various factors, the primary reason for the momentum on Tuesday was a report that Saudi Arabia may voluntarily cut its production over the next few months.

While the excitement from investors on Tuesday was sparked by Saudi Arabia, oil prices have actually been gaining momentum for a while.

What this shows is just how much value there is in energy stocks. And while oil prices may face pressure in the short-term due to the impact of more lockdowns globally, the sector still offers investors a tonne of momentum.

You don't want to wait until it's clear the economy is recovering, however, because by then, it will be too late. That's why investors should look to add some energy positions now, while there is still significant value in the sector.

A top energy stock to buy today

One of the top energy stocks investors can buy today is **Suncor Energy Inc** ([TSX:SU](#))([NYSE:SU](#)).

Suncor is one of the biggest and best energy stocks in Canada. The company is extremely well diversified and vertically integrated, which helps reduce a tonne of risk for investors.

Despite this resilient investment, Suncor still offers investors incredible value, which is why I listed it as one of the [top four Canadian stocks](#) with the potential to double in 2021.

Suncor's resiliency is vital for two reasons. First, it helps the stock stay less volatile than some of its peers, protecting investors' capital. It's also important because it keeps Suncor in a relatively strong position through downturns. This way, the company can pivot quickly when the economy is recovering.

That's the position the company is in today, offering investors considerable upside in 2021.

The massive energy stock plans to produce between 740,000 – 780,000 barrels of oil per day this year. That represents a 9% increase from 2020. Plus, that increase in production coupled with rising oil prices will contribute to a big rise in Suncor's profitability this year.

Bottom line

The stock rallied by more than 8% on Tuesday, showing just how much value the shares have. There are still a lot of risks in financial markets, however, with the end of the pandemic insight, high-quality energy stocks like Suncor are some of the best investments you can make today.

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