



A Biden Presidency Could Make Canada (and This Canadian Stock) Great Again!

Description

Yesterday, the United States officially welcomed a new president. The new Biden Administration is set to wage battle against the coronavirus pandemic. In doing so, trillions of dollars of stimulus the Administration believes is needed, is set to be unleashed. This is likely to have a profound impact on the stock market. Additionally, specific sectors will benefit the most from this stimulus. Which sectors, you may ask? Commodities.

Oil bull market on the horizon

As I've stated in the past, we could see a bull market in commodities take hold in the coming years. Given how important the energy sector is in Canada, I think this could create a situation where the **TSX** outperforms the global indices in the coming years. Furthermore, some of the most [beaten up](#) energy names in Canada could get a nice bid in 2021. Investors looking for value may (finally) be rewarded!

I think a lower for longer U.S. dollar is broadly bullish for this asset class. The outlandish stimulus that has been brandied about of late is likely to depreciate the U.S. dollar like we haven't seen in some time. In this environment, all commodities are likely to perform well. Given how badly beaten up oil has been, a bull market in oil is more likely than not right now. Additionally, coming out of this pandemic, we're likely to see oil demand take off. The oversupply we've seen in global markets could tighten, propping up oil prices substantially.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is a great Canadian pick for those who are bullish on oil. Indeed, many believe this is the creme-de-la-creme of Canadian oil stocks right now. Suncor's operations are heavily focused on oil sands, an environmentally sensitive topic for ESG investors. That said, at some level, every company becomes too cheap to ignore. I think Suncor is at this point right now.

Fundamentals solid

Suncor is a stock that is trading right around book value right now. This is a company that has lowered its cost profile meaningfully. Its operating cash flow is substantial, though its debt is as well. Suncor is a

highly leveraged play on oil prices right now, so risks do exist with this stock. However, I think the risk may be worth the reward right now.

Suncor's shares currently carry a dividend yield of around 3.7%. This is a substantial yield, and should be more sustainable if cash flows improve due to rising oil prices. Again, this is a bet on where one sees commodities headed in the medium to long-term. For those who are bullish, Suncor provides excellent leverage to a recovery in commodity prices.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. energy
2. investing
3. market
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TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
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