



Why Warren Buffett Could Back Up the Truck (Again) on Suncor Energy!

Description

Finding stocks that Warren Buffett likes and has added to his portfolio in the past is something I like to do. Trying to imitate the thought process of one of the greatest investors of all time is not possible. However, taking a look at which companies Buffett is buying does shed some light on where true value lies today. Indeed, in a market filled with few value opportunities, I'm always on the lookout for the next best value pick.

In that context, I think **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) could be just the company value investors ought to consider today. This is a stock Warren Buffett has added to over the years and that I think has tremendous value today as well.

Buffett's still bullish on this stock, despite underperformance

As fellow Fool contributor Jitendra Parashar stated in a [recent piece](#), Buffett has had a lot of confidence in Suncor of late. He stated: "Buffett's investment company **Berkshire Hathaway** [bought] nearly 10.8 million shares of the Canadian integrated energy firm Suncor in early 2019." This is not a small bet. Indeed, the Oracle of Omaha saw something with this company around the \$40 level that doesn't seem to have altered his thesis on this stock.

He continued, "Months after Berkshire Hathaway's 2019 transaction, Suncor Energy's shares remained mixed and ended the year with 11.6% gains. In the first quarter of 2020, Suncor's shares tanked by 47%. Nonetheless, Buffett showed confidence in his stock pick and continued to increase his investment firm's stake in the energy company. According to the latest SEC filings, Berkshire holds over 19 million shares of Suncor Energy worth nearly US\$335.5 million."

Indeed, I think Buffett is seeing something here the market is missing. This is one of the greatest long-term investors of all time. Accordingly, we should explore what his rationale might be for holding onto Suncor right now.

The energy sector could indeed be poised for a rebound in the years to come

I believe there's a potential we could have a bull market in the energy sector on the horizon. At the risk of overpresumption, I think Buffett may be thinking along the same lines.

We're entering a new era of monetary and fiscal stimulus. I think we're now in an environment where continued levels of heightened stimulus will be necessary to maintain the economy long term. Accordingly, I think we're about to see some real pressure on the U.S. dollar and inflation take hold. These effects would be very bullish for commodities and energy in particular.

Suncor is perhaps the best way to gain direct exposure to the energy sector in Canada today. This is a highly leveraged play on the price of oil, with a ton of potential to go much higher in a rising commodity price environment. I think the company's 3.8% dividend yield is both attractive and sustainable. Additionally, I like the potential balance sheet and fundamental improvement that may come as a result of rising oil prices. This is a long-term bet on economic growth, and one I think Warren Buffett-like value investors ought to consider.

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