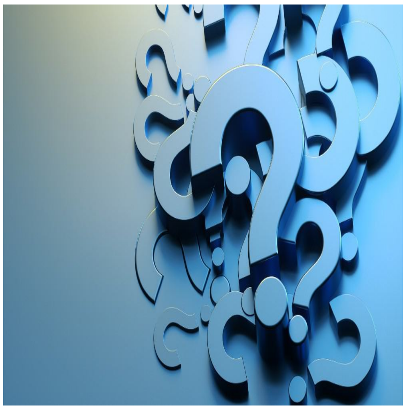

Energy Stocks Rebound: Is it Safe to Invest?

Description

I wouldn't blame you if you were fearful to invest in energy stocks. The entire industry hit all-time highs back in 2018 before crashing into the dirt. Then just when you thought prices couldn't get any lower, the March 2020 crash hit. The pandemic meant even with oil and gas gluts, production would be held back even further. Oil and gas prices across the world hit incredible lows.

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Yet today, you've probably noticed at your local gas station that oil and gas prices are finally back up. While that might not be great news when you're at the tank, it's certainly good news for your investment profile. So let's look at why energy is on the rebound, whether it will continue, and some stocks that could make enough returns to pay for your 2021 gas bill!

What happened?

After years of trade wars, oil and gas gluts, and the pandemic, oil prices are finally starting to pick up serious steam. West Texas Intermediate (WTI) now trades above US$70 as of writing! This is the first time we've seen this since before the pandemic began — and something that seemed pretty much impossible almost a year ago.

Then there was the bull move on green energy. Investors heard President Joe Biden's investment strategy of billions put into green projects and thought, "I want in!" These projects are really just that: projects. It will take years for many to come online, and decades for renewable energy to completely take over oil and gas as a main energy source.

So now investors are finally getting back on board. Oil and gas can get moving again, the end of the pandemic is in sight, and investors have realized. that while it might be a fun play to invest in green energy at the moment, there is real value in oil and gas stocks. Warren Buffett agrees, recently investing US$4.1 billion into **Chevron**. Talk about a rebound.

Where to invest

So now we know why the rebound is happening, and that investors still have at least a few decades to see strong growth from oil and gas stocks. With that in mind, it's time to see which companies provide you with the safest source of revenue in the energy sector.

If you really want to follow in the footsteps of Warren Buffett, then you want to seriously consider **Suncor Energy Inc.** (TSX:SU)(NYSE:SU). The company is the largest fully integrated energy company in Canada. It has a strong balance sheet despite some expensive investments before the downturn. Yet now that everything is rebounding, Suncor has Alberta oil sands projects that will bring in serious revenue in the next few years.

The company took a huge hit last year and is still working back from it. It cut its dividend by 55%, reduced expenses, and stopped buybacks to hold onto cash as demand for gas came to a halt. Shares tumbled by 55% in the crash, and are up 92% since then. In fact, as of writing, shares trade near 52-week highs of $30 per share. However, that's still a ways to go before reaching 2018 all-time highs in the $70 range.

Bottom line

This all means that investors today could see their shares triple if Suncor stock continues to climb to all-time highs — which, given the decades you'll have in the future, looks incredibly likely. The company continues to tighten its belt as production ramps up, so investors can look forward to strong cash flow and a solid dividend in the years to come.

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