



## The Top Canadian Energy Stock to Own in 2021

### Description

Earlier this month, I'd discussed how investors could [emulate](#) Warren Buffett's investment strategy. Buffett's company **Berkshire Hathaway** ditched a significant stake in gold in Q3 2020. Meanwhile, it bought shares in top pharmaceutical firms that were entrenched in the vaccine race. Today, I want to look at a Canadian energy stock that the Oracle of Omaha has stuck with for years: **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)).

### Why has Warren Buffett stayed with this top TSX stock?

Suncor is one of the largest integrated oil producers in Canada. It is also one of the heaviest hitters by market cap on the TSX. Warren Buffett has shed his position in some top TSX stocks in recent years. For example, he ditched the rest of his holdings in **Restaurant Brands International** in 2020, as the restaurant space suffered huge setbacks in the thick of the COVID-19 pandemic. Still, Buffett has stuck with Suncor.

That decision proved fortuitous in the second half of 2020 and early 2021. Oil and gas prices have rebounded on the back of hopes for a global economic rebound. The success of vaccine rollouts varied across countries, but there are high hopes that we will return to some degree of normalcy by the end of 2021 or the beginning of 2022. Of course, our overlords said the same thing last year. So, who really knows?

In any case, momentum for oil and gas looks strong. **Goldman Sachs** recently projected that the price of WTI crude would rise above the US\$75 mark on the back of [improved demand](#) and continued production cuts from OPEC.

### Suncor's renewed rally: Does it have legs?

Warren Buffett's continued faith in Suncor has netted him solid gains in 2021. Shares of Suncor have increased 32% in 2021 as of late-morning trading on March 18. The stock is up 87% year over year.

Suncor unveiled its fourth-quarter and full-year 2020 results on February 3. There was a marked improvement from the third quarter as oil prices rose. However, Suncor still suffered a very difficult year in the face of the pandemic. It was forced to halve its quarterly dividend to \$0.21 per share, which now represents a 2.9% yield.

If WTI crude breaches the US\$75 mark and possible the US\$80 mark, that will be a big milestone for Suncor. At those prices, the top Canadian energy firm will see its profitability spike. Investors can expect to see its first-quarter 2021 results in the spring.

## Here's why you should follow Warren Buffett and buy Suncor today

Suncor stock was down 2% in late-morning trading on March 18. Investors should look to emulate Warren Buffett and add this stock as it is still in solid price territory. The bull market for the oil and gas space will bode very well for Suncor's profitability in the quarters to come. Moreover, this should lead to a bounce back for Suncor's slashed dividend.

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2. TSX:SU (Suncor Energy Inc.)

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