



Beginner Investors: A Massive Correction Is Your Friend

Description

Warren Buffett's investment track record speaks for itself. His mantra of being "greedy when others are fearful, and fearful when others are greedy" holds true more today than ever. The market's overly greedy right now. Accordingly, I believe investors need to be very cautious.

However, when a [correction](#) does take place, it's the perfect time to buy. Here's why **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) is a [great choice](#) for investors looking to buy the dip on a quality name.

Suncor's fundamentals are top-notch

Lately, the company's fundamentals have improved significantly. I believe this is something investors often fail to notice. Suncor Energy has taken steps to reduce its operating expenses which have positively impacted its net earnings. Considering current oil prices, this company is generating exceptional cash flow. That's one of the primary reasons why the company is continuing to buy back its shares. Indeed, it appears that Suncor is right on the money in terms of its projected cash flow growth.

Furthermore, Suncor stock provides an exceptional margin of safety to investors right now as the company's breakeven cost per barrel of oil is \$35 West Texas Intermediate. I believe that as the oil prices continue to stabilize at these higher levels, Suncor's cash flow growth will continue to boom. Additionally, Suncor has a generous dividend yield of 3.2%, which is significantly higher than bond yields today.

The fundamentals of this stock are superior to most of the other companies in this space. If you're optimistic about a recovery in the energy sector, it's imperative to consider the fundamentals before anything else.

A shift towards value/commodities is underway

As an oil-producing company, Suncor is directly impacted by the underlying commodity price of oil. Lately, the price of the commodity has been largely unstable. Indeed, investors are still cautious,

having seen what's happened in the past with oil prices.

Nevertheless, over the medium term, I expect that oil prices are likely to remain stable, at or near these levels. Indeed, commodities are likely to continue to get a huge boost over the medium-term. I view the massive amount of monetary and fiscal stimulus as a key driver here. I don't see a likely scenario in which the U.S. dollar can appreciate in such an environment. Accordingly, commodities that are priced in U.S. dollars, such as oil, should outperform.

Thus, the market is likely already pricing a lot of this commodity strength in today. However, I think this trade has legs, and investors are likely to continue piling into high-quality stocks like Suncor over time. Thus, investors seeking value, defensiveness, and income can't do much better in the energy space than Suncor stock.

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