



Don't Buy Suncor (TSX:SU)! This Stock Is Clearly Superior

Description

Suncor ([TSX:SU](#))([NYSE:SU](#)) remains one of the largest companies in Canada. That means it commands a large portion of the country's investment capital. But judging future success by current size is a mistake.

If you're invested in oil majors, you should rethink your investment immediately. The stock below is vastly superior.

This is not a drill

Oil is in big trouble. For decades, it ran the global geopolitical stage. Now, its power is on the decline. According to a recent **BP** report, global oil consumption may have already peaked. That means we're set for a multi-decade *decline* in demand.

Suncor hasn't been as bearish about the future, but competitor BP doesn't have much incentive to emphasize the decline. After all, 90% of its business is tied to energy prices. The worrying part is that BP isn't alone.

"In 2020, oil demand was nine million barrels per day below 2019 levels and is not expected to recover before 2023," said another report. "Oil demand could peak sooner than previously expected if governments follow through with strong policies towards clean energy."

What will replace oil giants like Suncor? Renewables giants specializing in wind, solar, and hydro.

"In the last eight years, the installed capacity of renewables has been outpacing systemically the installed capacity of fossil fuels-related plants," [said](#) the director general of IRENA. "There is a structural change that is already there. The energy transition is already in place, it is unstoppable."

Ditch Suncor for this stock

Oil isn't going away completely, but it is being replaced by renewables. Global investment in renewables topped \$1.5 trillion over the last five years. Investment is set to exceed \$10 trillion over the next decade. One of the biggest winners will be **Brookfield Renewable** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

Brookfield is a one-stop shop for everything renewable. It owns generation facilities across several continents, including hydro, solar, wind, and even battery storage. If you want automatic diversification that benefits from the shift to clean energy, this is the only stock you need.

In many ways, Brookfield is stealing directly from Suncor's playbook. Suncor is considered an integrated oil company. That means it controls the entire supply chain, from exploration to refinement and transportation. These various businesses insulate the company from volatility in any one segment.

Brookfield is similarly diversified — not just geographically but by risk level. It frequently goes into distressed markets to buy assets on the cheap, even though there's a bit of extra risk. But the company also owns assets on multi-decade purchase agreements, providing extreme cash flow visibility. It's the perfect mix of risk and reward.

Bottom line

While the days of oil are numbered, renewables are just getting started. Suncor has a market cap of \$42 billion while Brookfield is valued at just \$14 billion. In the coming years, don't be surprised if those price tags reversed themselves. Brookfield has strong tailwinds behind it, while Suncor is facing its toughest challenge yet.

The market knows Brookfield is a great buy, so the valuation multiples aren't [cheap](#), but don't let that scare you away from making a long-term bet.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Energy Stocks
2. Investing

Date

2025/09/12

Date Created

2021/03/28

Author

rvanzo

default watermark

default watermark