



Why Suncor Stock Could Soar This Summer

Description

The price of WTI crude was up nearly 1% in early afternoon trading on April 23. Earlier this month, I'd [discussed](#) some of the top stocks to buy as oil prices rose. **Suncor** ([TSX:SU](#))([NYSE:SU](#)) remains one of my favourite energy stocks on the TSX. Its shares have climbed 18% in 2021 at the time of this writing. The stock is up 14% from the prior year. Today, I want to look at Suncor's prospects ahead of what could be a big spring and summer for oil and gas prices.

Suncor faced big challenges during the COVID-19 pandemic

Suncor and its peers suffered in 2020, as the COVID-19 pandemic hindered demand for oil and gas. In 2020, Suncor posted a net loss of \$4.31 billion — down from net earnings of \$2.89 billion in 2019. However, there were signs of improvement in the fourth quarter. The company still reported a net loss of \$168 million — up from a huge net loss of \$2.33 billion in Q4 2019.

Investors can expect to see the company's first-quarter 2021 results in early May. Suncor stands to gain in a big way from rising oil prices.

Oil prices: How momentum could lead to big things at this top energy firm

The price of Western Canadian Select (WCS) fell below \$10/barrel in late April 2020. These horrifically low prices hit Canadian producers hard. Fortunately, WCS prices have climbed steadily over the past year. It hovered just below the \$50/barrel mark at the time of this writing. I'd suggested that investors should [snag energy stocks](#) back in March on the back of this momentum.

Earlier this month, **Goldman Sachs** revealed that it was bullish on oil ahead of the summer season. "We forecast a larger rebound in oil demand this summer than OPEC and the IEA, requiring an additional 2 mb/d increase in OPEC+ production from July to October," Goldman said in a recent note. The bank expects inventories to normalize by the fall of 2021. This is great news for Suncor and its

peers.

Back in March, Goldman projected that WTI crude prices to hit \$80 a barrel in the third quarter of 2021. Goldman considered the early spring “breather” a great opportunity for investors to jump into the sector. I’m on the same train as Goldman in the energy space. In Canada, Suncor is one of the top targets to snatch up if oil prices gain significant momentum.

Should you buy Suncor stock today?

Last year, Suncor was forced to cut its [quarterly dividend](#) in half to \$0.21 per share. That represents a 3.3% yield. Suncor looks undervalued compared to its peers right now. Higher oil prices would significantly bolster its profitability. And, with luck, shareholders could look forward to a return to higher dividends going forward.

I’m looking to stash Suncor, as experts project a surge in oil demand for the summer of 2021. This top Canadian energy stock is still a heavyweight and offers nice value compared to its peers.

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