



## Suncor (TSX:SU) Stock Investors Should Watch India

### Description

**Suncor** ([TSX:SU](#))([NYSE:SU](#)) stock has been ripping higher over the past few months. It's up 20% year to date and about 70% since November last year. The announcement of effective vaccines was a clear trigger. Investors are now pricing in a strong rebound in travel and oil demand.

However, the growing number of COVID-19 cases in India could dampen global demand for crude. If you're an investor, here's what you need to know.

### India's COVID-19 surge

India is currently battling one of the worst outbreaks of this global pandemic. Over the past 24 hours, the country has officially reported 323,144 new cases. Some experts believe the uncounted tally could be much higher. Meanwhile, the total death toll has climbed past 200,000.

This has had a devastating impact on the world's fifth-largest economy. Large Indian states remain on strict lockdown and several countries (including Canada) have temporarily banned travel from India.

As the nation battles this outbreak, demand for fuel could slide to record lows. With the world's second-largest population and a growing fleet of vehicles, India is one of the largest consumers of fossil fuels. India is the third-largest crude oil importer and consumes roughly 1.75 million barrels of diesel per day.

These figures could decline as Indians stay home and travel remains restricted.

### Impact on Suncor stock

On Monday, The Joint Technical Committee of the Organization of the Petroleum Exporting Countries (OPEC+) said it was watching the situation in India closely. If the lockdown persists, the committee may have to consider cutting oil production. Experts believe India could consume hundreds of thousands of fewer barrels per day, which may have a direct impact on crude oil prices.

Suncor stock is closely correlated with the price of crude oil. The stock's year-to-date surge of 20% is in line with West Texas Intermediate's 29.2% surge over the same period.

Investors should watch the situation in India closely. If cases remain high and the lockdown is extended, global oil demand may take much longer to fully recover. It's therefore critical that long-term investors price this into their assessment.

Long-term investors could also look to add exposure if oil prices dip. India's vaccination drive is gaining steam. The country has called in the military to assist with pandemic relief efforts. Meanwhile, Britain, the U.S. and Germany have stepped in to help the nation recover. Simply put, India's rebound may be delayed rather than cancelled.

[Suncor stock's valuation remains attractive](#), even at current levels.

## Bottom line

Suncor stock had had a strong run thus far in 2021. However, India's struggles with the pandemic could delay the recovery. Investors should brace for a pullback in crude oil prices. This could be a chance to add exposure, since Suncor stock is still attractively valued.

Let's hope this dip is temporary and that India bounces back stronger than before.

### CATEGORY

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vraisinghani

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