



1 Top Canadian Energy Stock to Buy in May 2021

Description

Last year, Canadian energy stocks were viewed as uninvestable. It seems like such a long time ago when oil prices made an unprecedented move into negative territory. It was a new low for the Albertan oil patch, as fossil fuel stocks continued nosediving into the abyss.

The rise of green energy stocks didn't help the cause. Some folks thought that the days of the energy patch were numbered, as renewable energy continued picking up traction on the back of green-friendly policies proposed by U.S. president Joe Biden. Even with incentives and all the sort, it's going to take decades before the world transitions from fossil fuels.

While there's no denying that today's oil players are on the wrong side of a secular trend, it's also foolish (that's a lower-case *f*) to deny the real value to be had in fossil fuel stocks, as the new generation of investors shunned them in spite of their attractive valuations, their real cash flows, and their longer-term growth prospects.

There's still plenty of gas left in the tank of the top Canadian energy stocks

Simply put, Canadian energy stocks have plenty of fuel left in the tank. And it's those who are willing to go against the grain that are most likely to reap big rewards, as the world economy bounces back from its sharpest and shortest recession in decades.

Without further ado, let's have a closer look at one top Canadian energy stock that I think ought to be scooped up now before West Texas Intermediate (WTI) has a chance to make a run to US\$100 — a level thought unreachable just a year ago. Moreover, with West Canadian Select (WCS) prices likely to close the gap with WTI, I'd argue that there's even deeper value to be had in Canada's oil patch, which is ailing no longer.

Suncor Energy: Down but not out

[Warren Buffett](#) has dabbled in shares of **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) for a reason. It's one of the best integrated oil players on the planet, and it's arguably the best Canadian energy stock, despite losing the title of Canadian oil sands king to its top peer **Canadian Natural Resources**. Suncor's dividend took a hit, but I think it will be hiked at a massive double-digit rate on the other side of this pandemic.

With shares north of 37% below their 2020 highs, I find it absolutely ridiculous that the firm is still depressed following oil's latest rally. Suncor may have lost fans last year, but I think they'll return, as there's no denying the value to be had in the resilient energy darling that's gushing with cash.

If oil makes a run to US\$100 (it seems far-fetched, I know), Suncor stock could easily make blast off past its 2020 high in a hurry. At 1.1 times book value, I find the name to be unsustainably undervalued, given industry [headwinds](#) are fading in favour of tailwinds.

Foolish takeaway

Suncor is the epitome of a deep-value stock. At nearly book value and 13.3 times next year's expected earnings, the top Canadian energy stock has a good margin of safety and a low bar set in front of what could be one last oil boom. Whether you're looking for a [growing dividend](#), deep value, or capital gains, don't sleep on Suncor stock. It's down, but it's not out.

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