



1 Top Canadian Energy Stock to Buy Right Now

Description

A surge in underlying commodity prices has pumped the demand (excuse the pun) for energy stocks a great deal, and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is no exception.

Of late, oil has had strong momentum in the market. Since Suncor is highly exposed to this commodity, Suncor investors have been reaping the benefits.

That said, I'm going to discuss why Suncor isn't just a fair-weather stock. It's actually built quite robustly for investors concerned about this bull market's voracity.

Here's more on why I think investors should bookmark this energy play today.

Oil prices as stable as they've been in a while

As one of the largest energy producers in Canada, Suncor is heavily exposed to commodity prices. That much is apparent with owning this stock. Investors who buy Suncor are buying into the hydrocarbon space. This has proven to be a difficult space to invest in. After all, renewable energy has generated a lot of attention of late.

However, oil has stabilized of late. This stabilization is a result of many factors. However, improved supply/demand fundamentals are largely to thank for oil prices being where they have been in recent months.

Now, oil prices don't always cooperate. It's one of those volatile commodities that creates more hangover than fun for partygoers. However, there's certainly reason to believe this bull market in commodities has legs right now. Indeed, the stars are aligning to make it so.

Regardless, Suncor's business model is one that's built to be all-weather. With a breakeven price per barrel around US\$35 WTI, there's a significant margin of safety built into this stock today. Accordingly, investors need not fear the volatility on the horizon. Suncor's size and operational efficiencies make it a cash flow machine in this current environment, and a stable dividend machine in not-so-friendly

commodity price environments.

Bottom line

Suncor's business model has been continually enhanced and improved by an otherwise superior management team. This is a world-class energy company, with high-quality assets and relatively low costs of production.

Indeed, it's impossible to predict which way energy prices will trade over the near to medium term. That said, I think picking stocks like Suncor with size, scale, and a dividend are much better choices than the speculative debt-burdened small caps in this space.

As far as energy stocks go, Suncor ought to remain a top pick for long-term investors. This is a long-term holding, with what I view as very attractive upside potential from here.

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