



Why I'd Buy Suncor on Strength Over BlackBerry on Weakness

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock was under [pressure](#) again on Monday, with shares plunging 4.5% in a continuation of the post-Reddit-rally hangover. When the folks at WallStreetBets will pile in again is anybody's guess. For now, it's the bears that are taking control, and as I've warned in numerous prior pieces, the negative momentum was likely to continue, as the stock looked to fall back towards a range that's more in line with its intrinsic value.

Undoubtedly, there's a real chance that Reddit could return to BlackBerry stock after the dust has a chance to settle. The second spike in shares was induced by action going on at **AMC Entertainment** shares. If the [euphoria](#) in one meme stock can spread to the broader basket of WallStreetBets names, it's quite possible for another meme stock to act as a tide that lifts all ships, so to speak.

Regardless, by betting on BlackBerry here, you'd still be placing a speculative bet. Even after adding to its losses, BlackBerry shares still seem a tad too rich for my liking and the liking of most analysts on the Street, many of which have fresh sell ratings.

But if you're keen on the name, I'm not against buying on the way down, as long as you understand what you stand to lose over the near to intermediate term.

While BB shares may be frothy at around \$14, of all the Reddit stocks, BlackBerry seems to be the one that's most likely to grow into its hefty multiple. Still, I find there to be far better bargains on the TSX these days. I certainly see easier (or at least less painful) opportunities to make money than BlackBerry, especially as the name sours again on main street.

Where do the less-painful plays lie these days?

Suncor Energy: A better bargain than BlackBerry stock in my books!

Warren Buffett may have given up on his **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) shares, but you

probably shouldn't, as the stock looks to build on the strength it posted in the second half of 2021.

Like many other recovering commodity plays, Suncor is both a value, income and momentum play. With WTI (West Texas Intermediate) prices surging of late, Suncor has been a top performer on the TSX Index. Still, the recovery has been relatively modest versus the likes of many of its peers in the oil patch.

Sure, it's hard to be dissatisfied with a stock that's up 34% in six-and-a-half months. But one can't help but notice that Suncor's peers have performed drastically better. I think the relative underperformance will not last long, especially once the company is back to hiking its dividend again.

Over the past few years, nothing major has changed about the fundamentals. The price, however, has changed in a big way, with the stock still off well over 36% from its 2020 pre-pandemic high and 49% from its 2018 high.

As operating cash flows normalize and oil prices continue to add to their gains, I think Suncor, a relative laggard in the first half, looks poised to crush the TSX and its peers. At just a modest premium to book, Suncor stock is a great buy here.

Bottom line

Between buying BlackBerry on weakness and Suncor on strength, I'd have to go with the latter every day of the week. While BlackBerry is a great business that will eventually turn a corner, shares remain too rich for my liking.

Things are looking up for Suncor, and the valuation still seems too depressed given the industry backdrop. In simple terms, Suncor looks to be easier money for investors looking to outperform in what could be a very eventful second half of 2021.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BB (BlackBerry)
4. TSX:SU (Suncor Energy Inc.)

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