



## Market Pullback: Should You Buy Suncor (TSX:SU) Stock Today?

### Description

To say that the Canadian energy industry had a rough year in 2020 is an understatement. The overall [bear market](#) conditions introduced by the global health crisis diminished demand for crude oil, causing the value of the underlying commodity to decline and even go into negative territory at one point.

2021 started on a completely different note for the energy sector. As the vaccine rollout worldwide increased the hopes of moving into a post-pandemic era, global economies began reopening and international borders also opened up. The rising demand for air and domestic travel resulted in a massive recovery for oil prices and the [energy sector](#).

Canadian energy sector stocks like **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) had a strong rally from the start of the year. However, the recent pullback in oil prices due to rising concerns created by the Delta variant has reintroduced uncertainty in the energy industry.

I will discuss Suncor Energy stock to help you understand whether it is a stock worth adding to your portfolio today.

### Canada's largest integrated energy company

Suncor Energy is the biggest integrated energy company in the country. Suncor boasts production, refining, and retail operations that provide it several revenue streams. The company has managed to perform well in the past when oil prices were low due to its downstream operations offsetting its losses. However, the pandemic caused revenues in all of its businesses to decline, as the demand for fuel became nonexistent.

2020 was a year of staggering losses for the Canadian energy sector, and Suncor had its fair share of trouble. The company reported a net loss of \$4.3 billion in fiscal 2020. Despite its troubles, the company's management took the right steps to retain its financial strength.

One of the biggest decisions that Suncor's management took was to slash its dividends by 55% in Q1 2020. The company also reduced its capital expenditures by a third of the original capital guidance for

the year to maintain healthier liquidity going into 2021.

## A massive rebound

The company's operational momentum by the end of 2020 was strong, and it carried the momentum into the new year. 2021 was a completely different picture for the battered energy sector giant. Between January 1 and June 15, 2021, Suncor stock gained a massive 46% on the stock market.

The first quarter for fiscal 2021 ending on March 31, 2021, saw the company make a massive improvement. Suncor Energy exceeded its expectations by generating \$2.1 billion in funds from operations. The company's management reported \$746 million in operating earnings, and the coming quarters will determine whether the stock can recover.

At writing, Suncor stock is down by 14.55% from its June 15 high, but it is up by almost 25% on a year-to-date basis.

## Foolish takeaway

At writing on July 27, Canadian investors are eagerly awaiting Suncor Energy's second-quarter earnings report for fiscal 2021. In my opinion, [Suncor stock looks cheap](#) at its current valuation, and it has the potential to deliver stellar returns in the next 12 months.

The former Canadian Dividend Aristocrat could be an asset worth adding to your portfolio at its current valuation if you are bullish on the energy sector.

### CATEGORY

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