



## 2 Key Headwinds to Remember With Suncor Stock

### Description

Investors looking at energy stocks to invest in for the long-term certainly have an intriguing set of options today. Indeed, those who have tapped **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) have done incredibly well for themselves. Over the past year alone, Suncor stock is [up more than 70%](#) at the time of writing.

This move comes as investors reconsider the growth potential of energy stocks. Rising fuel demand amid an economic reopening has provided one of the most rapid bull markets in energy we've seen in a while.

Can this momentum continue for Suncor stock? While I remain bullish on Suncor over the near term, there are some reasons to be cautious with this stock. Let's take a look at a couple of key headwinds that investors should be aware of.

### Suncor-owned Syncrude's supply cuts

In a bull market such as this one, oil producers that are hiking production are those investors tend to want to focus on. However, for Suncor, there are some headwinds in this department.

Suncor-owned Syncrude has reported a supply cut by 20% due to some mechanical snags at its oil sand site. Now, this headwind doesn't mean all is lost for investors in this company. Indeed, this is a company with some staying power in an otherwise stable sector. Demand for oil remains strong, and the fundamentals of this business haven't looked this great in a long time.

However, for Suncor investors, not being able to capture every last dollar of cash flow during this bull market is a hard pill to swallow. This should be a near-term headwind but is one to consider nonetheless.

### Increasing pressure for CO2 emissions reduction

Perhaps the broader headwind facing the entire oil & gas sector is the demand for emissions reductions. For Canada's oil sands sector, this headwind is even more pronounced.

Various firms such as **Exxon Mobil**, **Royal Dutch Shell**, and **Conoco Philips** have reduced their stakes in oil sands. **Chevron** is also planning to sell at least 20% of its stake in this sector in Canada.

This sort of outlook is overly bearish for the Canadian energy space over the medium- to long term. While Suncor may be able to gobble up more market share in this sector as a result of these moves, the lack of investment in Canadian energy is something investors need to keep an eye on.

## Bottom line

There's no doubt Suncor stock remains one with staying power over the long term. While the demand for Canadian energy remains strong (for now), investors may want to consider the impacts these potential long-term headwinds may have on this Canadian energy gem.

For now, I remain bullish on Suncor stock as a [value pick](#) in this market. However, should this bull market turn around, Suncor stock may be one to be wary of here.

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