



## Suncor Stock: A Top TSX Energy Stock to Buy as Oil Soars

### Description

Oil prices have been on a seemingly unstoppable rally of late, with some pundits going as far as predicting WTI (West Texas Intermediate) will move above the US\$100 mark at some point in the future. Undoubtedly, such an oil boom would be a boon for Canadian TSX energy stocks, many of which were trading at extensive discounts last year.

While the opportunity to pay a quarter to get a dollar has come and gone, I still think there's ample upside to be had in some of Canada's high-quality energy plays, even if the oil rally loses steam at these levels. But if oil can boom past US\$100, or even US\$120, there's no telling what the upside could be like, as Alberta's energy patch begins to [heat up](#) after years of slogging through some very harsh industry conditions. It's a long time coming, but oil stocks, previously viewed as uninvestable, are now places to find the greatest value. And as long as demand continues to overwhelm supply in a continued reopening of this economy, TSX energy stocks could be the timeliest places to invest.

### TSX energy stocks are soaring!

In many prior pieces, I've slammed the shunning of Canadian energy stocks just because of the rise of the green energy secular trend. Yes, dirty fossil fuels are on their way out. But they'll gradually step into the background over decades.

That's why I've left the door open to another oil boom over the medium term. Given oil's recent momentum, we very well may be in the early innings of such a boom. In any case, investors should insist on quality, because just as easy as oil can rocket above US\$100, it can plunge back below the US\$40 mark. And with negative oil prices hit last year, anything is possible for the widely used commodity.

Hate it if you will, but old-school energy isn't going anywhere anytime soon. That's why TSX energy stocks may prove to be compelling buys, as they look to continue their strength into year-end.

Integrated energy behemoth and former Warren Buffett holding **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is one of my favourite blue-chip TSX energy stocks in the space, as it continues to heat up. The former

name is best tailored to most investors looking for a decent margin of safety and a solid risk/reward tradeoff over the next 18 months.

## As Suncor Energy plays catch up, expect the stock to outperform the pack!

Suncor finds itself playing the game of catch-up, as the previous market [darling](#) has vastly underperformed over the past two years. Up another 3% on Friday, I think the name can continue adding to its gains in a way such that it can outperform most of its younger brothers in the Albertan oil patch. Crude is blasting past seven-year highs, with demand issues continuing to dominate the headlines. Assuming the momentum continues, I wouldn't at all be surprised if Suncor's managers surprised its investors with a colossal dividend hike that could reverse most of the dividend reduction delivered last year, when all hope seemed to be lost.

At the same time, Suncor is a resilient operator that can hold its value if oil's rally slips. At just 1.2 times book, 1.3 times sales, and 28.8 times trailing earnings, SU stock is ripe for picking for value-conscious investors looking for a prudent way to play the oil patch.

Could Warren Buffett look to get back into the name, as it climbs back from the 2020 crash? Nobody knows. Regardless, investors should conduct their own analysis to see how SU stock fits in their portfolios.

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