



Warren Buffett Sold This Canadian Stock: Now it's Soaring!

Description

Warren Buffett is an inspiration to countless investors.

His moves are studied by fans the world over, who copy his plays in order to capture a little bit of alpha for themselves.

Rumours that Buffett bought a given stock have been enough to send the stock soaring. And in general, those who bought Buffett's favourite stocks have done well. The **Berkshire Hathaway** portfolio has risen by 20.8% annualized over the last 55 years—a phenomenal return. If you'd invested \$10,000 with Buffett when he started out, you'd be a millionaire today.

That's not to say Buffett is always right though. Every now and then the "Oracle of Omaha" has been known to make mistakes. He doesn't make them very often, but when he does, it makes you stop and take notice. In this article, I will explore one stock that Buffett sold at a loss that has rallied since then.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is a stock that Warren Buffett started buying in the mid \$40-\$50 range. He bought it again when it was somewhere between \$20 and \$30 and later sold it when it was still in that range. So he sold out of the position at a loss.

Suncor is a stock that Buffett has bought and sold many times over the years. While Buffett likes to buy and hold long term, he's not above trading here and there—Suncor is proof of that. His most recent flirtation with SU was a clear loser, but that doesn't mean it was a loser for everyone who followed him into the trade. As of this writing, SU stock went for \$29. In the first quarter, when Buffett sold, it went for anywhere between \$21 and \$29. Those who followed Buffett into his most recent Suncor purchase—around \$25—would be up if they had held on until today.

Why it's soaring

It's not hard to understand why Suncor Energy stock is soaring. It's an oil and gas company that makes money off gasoline sales. Crude oil is currently soaring, and gasoline is soaring even more. So the current state of the economy means big profits for Suncor Energy. That's borne out in the company's most recent quarterly earnings.

In the second quarter, Suncor did over \$2 billion in cash from operations, \$722 million in operating income, and \$868 million in net income. In the [same quarter in 2020](#), net income and operating income were both negative. So, the higher oil prices we've been seeing lately have been treating Suncor well.

One scenario to watch out for

Suncor Energy is in a good place today. With energy prices rising, Suncor Energy's earnings and stock price are both on the upswing. As long as this situation persists, then SU will pass on plenty of value to shareholders.

Still, there's one scenario investors will want to keep an eye on:

A decline in oil prices.

In the same way that higher oil prices have sent SU stock higher, lower oil prices could send it tumbling. In 2020, when oil prices were at rock bottom lows, SU delivered four quarters in a row of negative earnings. It even had to [cut its dividend in half](#). If that happens again, SU is gonna tank. So beware of the price of oil. If it goes down again, Warren Buffett will look smart to have sold Suncor Energy stock.

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