



## Suncor Energy (TSX:SU) Stock Rises With U.S.-Russia Tension

### Description

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) stock, Canada's largest integrated oil company, has surged 8.18% to a new 52-week high of \$40.06 since the Russia-Ukraine war broke out. There is chaos and confusion across the globe, with many countries walking thin lines to avoid war. Russia's strategic importance to the world in the oil and commodities area has turned everyone's attention to the war developments. Globalization fuels global trade, but conflicts, escalations, and sanctions disrupt it. Oil and natural gas are at the centre of this war.

### The oil triangle: Canada, the U.S., Russia

Here is a fun fact: Russia is the third-largest exporter of crude oil and products to the U.S. after Canada and Mexico. According to the U.S. Energy Information Administration ([EIA](#)), the U.S. imported 6.8% of crude oil and products from Russia in 2020.

If I only consider crude oil, the U.S. increased its Russian imports from 1.29% in 2020 to 3.3% in 2021 (as per preliminary data). Canada continues to be the largest crude oil source for the U.S., accounting for 61% of its imports.

### Suncor Energy

The above data shows that the U.S. is not heavily dependent on Russia for crude oil, but Europe is dependent on Russia for 39% of its natural gas supplies. If the war escalates and Russia cuts its supplies to Europe, the latter will have to look for alternatives. The U.S. is an alternative.

If the U.S. exports to Europe, its demand for oil and natural gas could surge. Then it won't just be the 3.3% Russian imports but also the demand surge from export to Europe that Canada will have to meet. Hence, the U.S. might import more from Canada and Mexico. Canada exports 99% of its oil production to the United States.

Back in 2014, when Russia invaded Crimea, Suncor stock surged 26% between February 21 and June

13, 2014. This time, it is a much bigger invasion, and, unlike 2014, there are sanctions on Russia. I expect Suncor stock to surpass its 2014 high of over \$46 — a 15% upside from its current trading price. The stock has already surged 21% year to date as oil prices jumped.

## Should you buy Suncor stock at \$40?

If you purchased Suncor stock [below the \\$35](#) price, keep holding it as there is likely more upside. A \$40 share purchase price is risky. I would suggest investing 5%-8% of your portfolio in it, as the war doesn't seem to be easing anytime soon. Be wary that \$40 is a risky point, although it could secure a 4.2% [dividend](#) yield. I am bullish on the stock and expect it to announce another significant dividend increase this year.

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### Date

2025/08/24

### Date Created

2022/03/07

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