



## Should You Buy Suncor (TSX:SU) Right Now?

### Description

The **S&P/TSX Composite Index** has had a rough ride in 2022 after several years of putting up a great performance. As of this writing, the Canadian benchmark index is down by 8.76% from its 52-week high in March 2022. However, Canadian equity markets have shown signs of life over the past month.

The index has rallied by around 10% since its July 14th level. It is too soon to say if the market volatility is ending, but it is a positive sign for Canadians looking to invest in the stock market right now.

Despite the series of interest rate hikes by the Bank of Canada (BoC), inflation rates are alarmingly high. There is little you can do to contend with rising living costs. However, there is a way you can take advantage of commodities becoming increasingly expensive.

### Rising oil prices and demand

Crude oil prices resumed their rally, reclaiming some of the lost ground over the last month. Recession fears are still high, and the possible decline in oil demand due to a recession led to a pullback in oil prices. However, crude oil inventories continue to remain tight, and there is a possibility of oil supply being unable to meet demand, despite recessionary fears.

Positive expectations led to a strong start for commodities across the board, as the world looked positioned to recover from the pandemic. Soaring inflation and the impacts of a war between Russia and Ukraine led to oil prices soaring before they recently cooled down.

**Goldman Sachs** recently predicted that oil and gas prices would likely bounce back strong, as the year comes to an end. UBS Group, a major Swiss investment bank, is also confident that commodities will lead to a return of up to 20% by the end of the year.

Investing in [energy stocks](#) could provide you with the opportunity to capitalize on rising oil prices. Let's discuss **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), a top energy sector giant that could be an ideal investment for this purpose.

## Suncor Energy

Suncor Energy is a \$58.14 billion market capitalization integrated energy company headquartered in Calgary. The oil-producing company specializes in producing synthetic crude oil through its oil sands operations.

Its integrated structure means the company also has upstream and downstream businesses. It does not just produce oil and gas. Suncor also refines and sells its products, giving the company several revenue streams. Diversification of its revenue streams means steadier cash flows and relatively lower volatility.

Despite its potential for great investment returns, Suncor is not short of issues. Safety issues have constantly plagued the company, impacting investor sentiment. Falling oil prices have made matters worse, but the company remains profitable.

## Foolish takeaway

The company has already started taking measures to mitigate its safety issues and has assigned a new chief executive officer to make improvements. Suppose that oil prices do start rising by the end of the year. In that case, Suncor stock could see its profit margins significantly rise. As of this writing, Suncor stock trades for \$42.39 per share and boasts a juicy 4.44% dividend yield.

Trading for a discount of 20.51% from its June 2022 high, it is an attractively valued stock. If you believe oil prices will soar again, Suncor stock might be worth adding to your portfolio to capitalize on that.

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