



Suncor Stock: Don't be Fooled, This Isn't a Growth Stock

Description

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) has seen shares climb by an astounding amount over the past year. In fact, even in this volatile market Suncor stock has climbed higher and higher, currently up 46% year to date, and over 100% in the last year alone!

But I have news for you: Suncor stock is *not* a growth stock. Why? Let me explain.

Let history be revealed

I won't beat around the bush. The reason Suncor stock isn't a growth stock comes down to its historical performance. We tend to recommend long-term holdings here at the Motley Fool, and like to look at the compound annual growth rate (CAGR) to see historical performance. In the case of Suncor stock, that performance is weak, to say the least.

Shares of Suncor stock are up 389% in the last 20 years. Alright, could be better, could be worse. However, for the most part those shares have been held solely in the "worse" category.



As you can see, shares of Suncor stock have dived again and again over the last two decades. In fact, if you had purchased shares back in 2008 before the market crash, even if they weren't at peak levels, you would *still* be trading at a loss 14 years later.

Analysts warn about the future

Investors should not only be worried about the historical performance of Suncor stock. Analysts and economists are also concerned about the future. And it's why you shouldn't consider it a growth stock that's going to keep growing in the future.

In the short term, Suncor stock could certainly do well. Its marketing of petroleum products certainly helps it during these volatile times in the markets today. The problem is, all of this costs more in the long run; something its peers don't have to deal with.

Furthermore, every [oil and gas stock](#) out there has the problem of lower oil prices, which alone has already slowed the growth of Suncor stock. New projects are highly expensive and with the world shifting to clean energy the investment isn't as ideal as it once was. While it has cash on hand, a strong balance sheet, and downstream operations to mitigate the transition, it won't last forever.

What to do with Suncor stock

If you hold Suncor stock today, I'm not saying you need to go out and ditch it for a loss. In fact, analysts predict that shares will continue rising as the price of oil and gas climbs in the near term at least. It's the long-term that investors have to worry about.

And on that note, new investors may want to reconsider their investment in Suncor stock. Especially as analysts lower their projections for the company again and again as Suncor stock lowers its full-year

production guidance. As one analyst notes, “Until the safety and operational issues are firmly resolved, we recommend investors look to other Canadian [large cap](#) and integrated producers for energy exposure.”

And honestly, those issues may never be firmly resolved.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. alegatewolf
2. cleona

Category

1. Energy Stocks
2. Investing

Date

2025/08/23

Date Created

2022/08/25

Author

alegatewolf

default watermark

default watermark