



My Top Energy Stock to Buy and Hold Forever

Description

The Canadian energy sector had a fantastic first half of 2022 due to soaring oil and gas prices. However, those prices also drove high inflation, which has spurred a sharp reaction from the Bank of Canada (BoC). Rising interest rates, increased production, and fears of a coming recession have all weighed on oil and gas prices in the second half of the year. Regardless, I'm still bullish on the long-term prospect for my favourite [energy stock](#): **Suncor Energy** ([TSX:SU](#)). Today, I want to explain why.

How has this top energy stock performed so far this year?

Shares of this top energy stock have climbed 28% in 2022 as of close on October 18. The stock has surged 49% in the year-over-year period. [Oil and gas prices](#) have regained some momentum in the fall, as OPEC (the Organization of Petroleum Exporting Countries) has vowed to pull back on production in response to shaky conditions in the overall market. That said, the energy sector still finished the previous trading day in the red.

As investors can see in the chart below, Suncor peaked in the first half of June. Since then, it has suffered a steady decline that saw it reach a low point in late September. Regardless, this energy stock has put together its best string of months since the beginning of 2020.

Should investors be encouraged by Suncor's recent earnings?

Suncor unveiled its second-quarter (Q2) fiscal 2022 earnings on August 4. It reported adjusted funds from operations (AFFO) of \$5.34 billion, or \$3.80 per common share — up from \$2.36 billion, or \$1.57 per common share, in the second quarter of fiscal 2021. That was the highest AFFO mark in Suncor's history. Meanwhile, adjusted operating earnings soared to \$3.81 billion, or \$2.71 per common share, compared to \$722 million, or \$0.48 per common share, in the previous year.

The top integrated energy company put together this strong quarter on the back of record AFFO in its oil sands segment. Production from its oil sands assets climbed to 641,500 barrels per day (bbls/d). Its refinery utilization averaged 84% compared to 70% in Q2 2021. Overall, Suncor has continued to

deliver big on its bounce back due to higher oil and gas prices and a big spike in oil sands production.

Last decade, former Suncor chief executive officer Steve Williams boasted that the company's oil sands would still be operating and profitable a century from now. We still have a long way to go, but Suncor has continued to demonstrate that it is one of the most reliable energy stocks available on the TSX.

Suncor: Why I'm buying this energy stock today

This energy stock currently possesses a very favourable [price-to-earnings ratio of 6.5](#). Relative Strength Index (RSI) measures the price momentum of a given security. Suncor last had an RSI of 52, putting it at neutral price levels. Meanwhile, this top energy stock last paid out a quarterly dividend of \$0.47 per share. That represents a solid 4.4% yield.

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. aocallaghan
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date

2025/08/16

Date Created

2022/10/19

Author
aocallaghan

default watermark

default watermark