2 Top Energy Stocks to Buy When They're Selling Cheap

Description

Investing in companies that provide basic energy infrastructure has proved a successful income-generating strategy. These are the companies that build pipelines and storage facilities, provide gas and electricity to your homes and offices, and generate stable cash flows without too much volatility.

Another big advantage of investing in these companies is that they are not directly exposed to the cyclical commodity markets. Their rate-regulated structure helps them generate stable cash flows to pay steadily growing dividends.

Here are two stocks from this space that I like due to their solid income potential.

Emera

Emera Inc. (TSX:EMA) is one of North America's top 20 regulated utility stocks. The company offers good value to income investors after a 10% slide in its stock price in 2018.

Emera's weakness this year has little to do with the company's business, but it's more to do with a general trend where investors are avoiding rate-sensitive stocks.

Despite this temporary setback, I like the company's revenue mix. Emera generates 85% of its consolidated earnings from its regulated business — a feature that provides stability to its cash flows. Emera's presence in Canada, the U.S., and the Caribbean is another strength that should attract investors who want to see geographical diversification in their holdings.

The latest earnings report shows that Emera's growth momentum remains strong. Its first-quarter results exceeded analysts' expectations, helped by a solid performance from its utilities in Florida, New Mexico, and Canada.

With a dividend yield of 5.28% and five-year dividend growth of 9.4%, this stock is a great bargain for long-term investors.

Brookfield Renewable Partners

One popular strategy to take some exposure to energy companies is to invest in renewable energy stocks. The consumption of renewable energy is forecast to grow, as developed economies encourage clean sources of power generation.

The International Energy Agency sees continued strong growth in renewables through 2022, with renewable electricity capacity forecast to expand by over 920 GW — an increase of 43%.

Among the clean energy producers, I like Bermuda-based **Brookfield Renewable Partners LP** (TSX:BEP.UN)(NYSE:BEP) due to its presence in the regions where the use of clean energy is exploding. Producing 16,000 MW of capacity and managing 820 facilities in North America, South America, Europe, and Asia, Brookfield is a strong name to consider.

After an 8% pullback in its stock price this year, Brookfield's dividend yield looks extremely attractive at 6.27%. Long-term income investors can take advantage of this opportunity to lock in a hefty yield in a company that is growing and producing strong cash flows.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:EMA (Emera Incorporated)

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