

## Here's a Reliable Dividend-Rich Utility to Buy After a Nasty Start to October

### Description

It's been a nasty week to kick off October. Things could certainly become scarier as we inch closer toward Halloween, so if you're already thinking about buying stocks in the midst of the recent turmoil, you've got the ride contrarian mindset that'll make you very rich over the long haul.

Before you back up the truck on subtly battered names, however, you should ensure there's enough dry powder to put to work if the markets were to continue faltering. We could be in the first innings of a nasty correction or even the beginning of a bear market, so as someone wise once said, "Don't spend all your money in one place," or in the case of stocks: "Don't spend your entire cash position at one instance in time."

I know the recent turmoil may seem remarkable and actionable, but when you have a glimpse at the **S&P/TSX Composite Index**, you'll see that it's only down 1% from all-time highs. That's hardly a buying opportunity, even though it may seem like the tides have turned given the overly bullish sentiment exhibited since last spring.

While the jaw-dropping bargains may not be here yet, several quality stocks have been unfairly punished along with the broader market of late, as fears over rapidly rising interest rates and a hawkish Fed continue to mount.

Consider **Northland Power** ([TSX:NPI](#)), a [stable renewable power producer](#) with a fat 5.7% dividend yield. The stock has fallen off a cliff since July 6th and is now down 16.3% from its all-time high.

Higher rates mean Northland Power's dividend isn't as valuable as it used to be when rates were near the floor. The present value of future dividend payments (including dividend growth) aren't worth as much, but when you consider the excessive selling activity that's been going on in the stock, I'd say the now-escalated yield is well worth the price of admission.

When you consider that we're in the late stages of a bull market, the stable dividend looks even better than the general public has been led to believe.

The stock trades at a 14.3 forward P/E, a 2.5 P/S, and a 3.5 P/CF, all of which are lower than the company's five-year historical average multiples of 21.8, 4.3, and 7.2, respectively. Each multiple is also lower than that of the industry average.

Northland Power's dividend has been static over the past few years, but given promising renewable growth projects slated to come online over the medium term, I wouldn't rule out a generous bump at some time over the next two years.

### Foolish takeaway

Instead of panicking over the spike in volatility induced by fears of a quicker-than-anticipated interest rate environment, embrace it and scoop-up a stock that's unfairly punished. Sure, a utility like

Northland Power isn't in an ideal setting with rates slated to surge. When you consider the [severely depressed multiple](#), however, the name is a screaming buy.

Stay hungry. Stay Foolish.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
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## TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)

## PARTNER-FEEDS

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## Date

2025/07/17

## Date Created

2018/10/09

## Author

joefrenette

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