



Bank of Canada Holds Interest Rates: Here Are 2 Ways to Capitalize

Description

Since the Bank of Canada is holding in abeyance any interest rate hike, investors have the opportunity to earn more. When the central bank is maintaining low-interest rates, expect consumer spending to increase. Once they are triggered, stock prices would rise as a reaction. That has been the market psychology.

Hence, investors should capitalize and invest in high-dividend-paying sectors like energy and utilities. **AltaGas Ltd.** ([TSX:ALA](#)) and **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) are the two stocks that offer earnings growth and sustained extra income to counter the impact of low-interest rates.

Financial strength and stability

AltaGas Ltd., the Canadian entity operating a diversified energy infrastructure company in North America, presented strong Q1 earnings. Investors were dazzled and the image of an underperforming stock was finally erased. Now the stock is predicted to be [one of the top performers](#) for the rest of 2019.

The company registered a +108.96% increase in normalized EBITDA (\$223 million to \$466 million) in the first quarter versus the same period in 2018. Further, AltaGas was able to achieve a +188.57% increase in normalized net income (\$70 million to \$202 million) in the same period.

The gripes of investors against AltaGas were mostly on debt accumulation. But the grumblings are slowly dissipating. Some non-core midstream and power assets in Canada were sold, with the proceeds used to pay down debt and reduce the outstanding balance from \$10.1 billion to \$8.4 billion.

For the remainder of the year, AltaGas would raise about \$1.5 to \$2.0 billion from the sale of other in non-core assets. The funds would be used as payments to further reduce the level of debt. Clearly, the debt reduction plan is running true to form.

AltaGas' global energy export capabilities have been expanded through the Ridley Island Propane Export Terminal (RIPET). This first propane export facility in Canada and the cornerstone of their integrated strategy in western Canada.

According to President and CEO Randy Crawford, 2019 will be the defining year for AltaGas. They are about to unlock the true value of the company's assets, which is great news for investors.

Low-risk business

Whether in a depressed interest rate scenario or a trade war, an operator of an electric and gas utility company will never be out of business. That's why Fortis Inc. is [a dependable stock](#) and an ideal investment for income-conscious investors. Come to think of it, you're investing in an extremely low-risk business.

Fortis derives revenue from regulated utility rates. Therefore, you effectively protect your investment from the market ups and downs. The cash flow stream is steady and dividend payments are sustained. There's no reason to panic as the payouts are uninterrupted for 45 straight years.

With AltaGas paying a dividend of 5.39% and adding the 3.6% dividend yield of FTS, investors should be extremely overjoyed. Both stocks deserve to be your core holdings. You might even decide to hold on to them forever.

CATEGORY

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2. Energy Stocks
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2. TSX:ALA (AltaGas Ltd.)
3. TSX:FTS (Fortis Inc.)

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