These TSX Energy Stocks Are a Strong Play for Growth

Description

Everywhere one looks, uncertainty is increasing in the markets. From weak manufacturing data in the U.S. and Europe to disappointing American job growth, not to mention the ongoing trade war with China and ratcheting inter-party tension both sides of the border. It's no wonder investors nudged gold up during the middle of last week — a clear sign of increased risk in the markets.

Energy investment is a solid defensive play

Anyone watching the U.S. news will know that a lot of Californians are going without power this week. The situation has underlined just how essential energy is to everyday life. From food storage to medical care, transportation to banking and security, energy vies with consumer staples as the most recession-proof asset class.

Indeed, looking at which stocks have remained positive after a tough week on the TSX is a good way to gauge the combination of quality with stability, as investors have been migrating towards both facets. Among the positive sectors are banking, energy, and gold — the usual trio of suspects.

Encouragingly for pipeline investors, **Enbridge** was among the positive businesses this week, up by a couple of percentage points. The midstream giant has been steadfast in its resolve to push through changes to its Mainline system after the CER ordered a suspension of open season.

This kind of resilience in share price is one of the main reasons why investors rate the pipeline company so highly. After all, the stock has shown strong and reliable upward momentum over the past decade, assuring income investors of the safety of the company's generous distribution, which is currently at the 6.5% mark.

Renewables belong in a long-term growth portfolio

Energy shareholders should also be considering renewables as part of their income investment strategy. With potentially more upside than nuclear and exhibiting high growth in a global trend, green energy also makes for a solid addition to a dividend portfolio. For instance, **Brookfield Renewable Partners** pays a 4.95% dividend yield at its current valuation, while **Northland Power** shells out 4.5%.

Aside from the fact that Brookfield Renewable makes for a strong play for the ethical investor, it’s also part of the spearhead of a global mega-trend that could see a profound re-ordering of the world’s energy production system. Alternatively, investors could look at a key competitor such as Northland Power — an especially strong play for growth in wind energy.

While the majority of its income is generated by its thermal operations, Northland is also notable for its involvement in wind farms; for instance, it owns a 60% stake in the world-class Gemini Offshore Wind Park off the coast of the Netherlands. Increasing volatility in oil stocks could help drive investment in renewables — a sector already expecting high growth as international governments back alternative power sources.

The bottom line

Renewables and oil investing don’t have to be an either/or decision since both industries have plenty of room for growth. While investors concerned about the environmental impact of fossil fuels may want to stick with green energy, current oil investors could also consider adding shares in world-class green energy businesses such as Northland and Brookfield to an income portfolio built around high growth.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:NPI (Northland Power Inc.)

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Date
2025/09/19
Date Created
2019/10/13
Author
vhetherington