Market Crash: This 1 Energy Stock Is Cheap!

Description

With growing concerns around COVID-19 and its impact on the global economy, the stock market has been quite volatile. The WHO upgraded the outbreak to a pandemic on Wednesday, and the market crash has continued to send stocks plummeting since.

During a market crash, some investors want to sell positions in fear of further downside. However, over a long investment horizon, a market crash simply provides a great buying opportunity. Rather than sell and lock in losses, investors planning for the long term can search for deeply discounted stocks to buy and hold for years.

Dividend-growth stocks are particularly attractive during these times. Purchasing these stocks at rock-bottom prices leaves plenty of long-term upside in the share price. Not only that, but doing so also locks in a potentially lucrative dividend yield (assuming the company doesn't have to harshly cut the dividend).

Invest during a market crash?

It might seem counter intuitive to invest in stocks while the markets are taking such a beating. However, it's in these environments where stocks can be had for pennies on the dollar. When everything is going great and sentiments are positive, stocks get fairly valued or even over valued. Yet, when there's a market crash, sometimes overreactions can lead to stocks becoming incredibly under valued.

Today, we'll take a look at an energy stock paying a great dividend that has promising prospects for growth in the future.

Brookfield Renewable Partners

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is a major player in the renewable power space. It owns a collection of facilities that generate renewable energy across North America, South

America, Europe, and Asia.

The company generates power through the use of hydro, solar, wind, and biomass sources. In total, all of its facilities combine to represent a max capacity of 17,400 megawatts.

While some businesses operating in more cyclical sectors might be in deep trouble in the near term, Brookfield's business model offers resiliency in the face of a market crash.

Brookfield generally does its business through long-term contracts and, as such, has quite stable income. As well, because Brookfield generates power through methods such as hydro and wind, the input costs are minimal and generally don't have short-term fluctuations. All in all, earnings, cash flow, and growth for Brookfield should be relatively stable going forward, despite market conditions.

Due to the recent market crash, Brookfield is trading at $56.82 as of writing — a far cry from its 52-week high of $76.35. This price represents an annual dividend yield of 5.1%. With an attractive yield like that, investors can create significant cash flow. An investment of even $10,000 would generate over $500 in dividends in one year.

If you look at where energy is headed, the world is trying to go greener. Governments and large companies alike are pledging money and efforts towards reducing emissions. With great infrastructure in place already, Brookfield is well positioned to capitalize as worldwide demand for renewable energy continues to increase.

The bottom line

A market crash is a chance for keen investors to scoop up cheap shares of quality companies. Brookfield Renewable Partners is one such stock that pays a solid and stable dividend and has a positive outlook for the future, as it's involved in the green energy space. If you're looking to capitalize on potential bargains during the market crash, this is a stock to keep an eye on.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Energy Stocks
2. Investing

Date
2025/08/21
Date Created
2020/03/13
Author
jagseguin