Massive Sale: 2 Stocks to Pay Attention to as the Market Tumbles

Description

After the horrendous trading session on March 12, 2020, and the 30% drop of the TSX from its record high in late February, bargain hunters are back. The carnage brought about by the coronavirus and plummeting oil prices are opening buying opportunities.

You can pay attention to energy infrastructure company **AltaGas** (TSX:ALA) and real estate investment trust **H&R REIT** (TSX:HR.UN). The shares of both companies are falling sharply. You can scoop the stocks at rock-bottom prices and get paid high dividends before the market regains ground.

Down but with promising growth

AltaGas is a diversified energy infrastructure company from Calgary, Alberta. This $3.87 billion firm derives revenue from three segments, namely utilities, midstream, and power.

The first segment owns and operates regulated natural gas distribution utilities. It serves customers in the District of Columbia, Maryland, Michigan, Virginia, and Alaska. The midstream segment holds interest in four regulated pipelines in the Marcellus/Utica gas formation in the northeastern United States.

The power segment generates and sells electricity, stores energy, and performs retail power marketing activities. AltaGas lost about $435 million in 2018 but has rebounded in 2019 with a net income of $833.5 million.

This energy stock is underperforming in 2020. The year-to-date loss is 29.3%, and the price is nearing its 52-week low of $12.25. However, the 6.91% dividend is attractive. Likewise, analysts covering the AltaGas are forecasting a 159.4% gain in the next 12 months. The jump depends on how fast the market recovers.

Slumping but preparing growth drivers

The shares of the $4.33 billion REIT is also on a slump. H&R has fallen sharply by 27.5% year-to-date. But at the current price of $15.14 and the 9.1% dividend, this real estate stock is worthy of consideration. Market analysts see a potential gain of 78.3% in 12 months. Again, the rally depends on the market environment.

In 2019, H&R posted revenue and net income of $1.15 billion and $340.2 million, respectively. This REIT was able to scale because of portfolio quality and diversification. As of year-end 2019, total assets are worth $14.5 billion.

The portfolio and ownership interests of H&R are in high-quality office, retail, industrial, and residential properties in North America. Over the past two years, H&R was able to complete the sale of assets worth $1.8 billion. Part of the proceeds was used to acquire newly constructed residential properties in the United States.

H&R will use the remaining funds from the asset dispositions to finance the development pipeline. In 2019, the REIT invested more than $300 million into developments. Once the projects are complete, it should drive up future funds from operations (FFO). Three of the U.S developments are set to finish in 2020.

Massive sale

The COVID-19 and oil price war are derailing Canada’s economic growth. Analysts are warning of a recession if the economic output contracts in the next two quarters. The stimulus package the government is preparing should ease the impact of the double disturbances.

Everyone concedes that market volatility will dramatically drop when the virus slows down and a vaccine becomes available. Meanwhile, a massive sale is happening as the market tumbles.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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2. TSX:HR.UN (H&R Real Estate Investment Trust)

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