The Top TSX Stock to Buy Right Now

Description

The situation with **TSX** stocks hasn't changed much from a few months ago. Despite a major change in markets and sentiment of investors, the underlying economic backdrop is still the same.

We are still waiting for the effects of the shutdown to hit the economy. Furthermore, we are waiting and seeing what's going to happen with the coronavirus.

According to medical experts, a second wave is coming in the fall. However, across many states in America, there is a second peak to the first wave that has cases skyrocketing.

This is proof that the pandemic has gone nowhere, and it could spell more trouble down the road. I continue to recommend investors use this opportunity to reduce high-risk investments and buy stable businesses.

Types of TSX stocks to buy

The types of businesses you'll want to buy are strong robust companies that will be only minimally impacted by a recession and possibly another shutdown.

Some of the best TSX stocks to consider can be found in utilities or consumer defensive businesses.

These stocks are crucial, because they should be able to operate as if it's business as usual, even if economic activity slows down. Plus, if you buy a stock with a significant dividend, it could provide important passive income to you at a time when cash is king.

The TSX stock I'd buy today

One of the top TSX stocks I would advise investors to consider is a robust company like **Algonquin Power and Utilities** (TSX:AQN)(NYSE:AQN).

Algonquin might be the best TSX stock to buy at the moment for several reasons. First and foremost,

the company has a highly defensive business model. Its utility segment makes up about two-thirds of the company's total business.

The company, Liberty Utilities, operates across 12 different states in the U.S offering water, gas, as well as electric utilities. In total, the company serves more than 800,000 customers.

The great diversification between utility types as well as multiple jurisdictions it operates in helps lower the risk in an already low-risk industry. That's very attractive for investors, especially in times of uncertainty, such as our current environment.

Algonquin also owns a power-generation business, Liberty Power. Power generation is also considerably defensive; however, what's most attractive about Liberty Power is the future growth potential of green energy.

Renewable energy is an exciting long-term industry, making Algonquin a great business to be invested in.

Its power-generating assets consist mostly of wind in addition to some hydro and solar assets. Algonquin also gets less than 10% of its power generated from natural gas as well.

Why Algonquin is the best choice today

In addition to this being the perfect time to buy defensive utilities like Algonquin, the stock has also been getting quite a bit cheaper lately.

In fact, as of Thursday's close, the stock was trading more than 20% off its 52-week highs. This makes a high-quality defensive stock like Algonquin too cheap to ignore, especially in the current environment.

And below $18, where it was trading as of Thursday's close, may just be the perfect entry point for investors.

However, what's most attractive is the stable dividend the company pays. And at these low prices, that dividend yields roughly 4.7%.

Bottom line

Given everything that's going on today, if there was just one TSX stock you could buy, I'd recommend a utility. And since Algonquin has so many high-quality features, and it's been getting cheaper, it looks like there is no better stock for Canadians to buy today.

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