3 Top Income Stocks to Buy in a Market Crash 2.0

Description

Thanks to market moves in the past two weeks, many people have been worrying that 2020 might see a second market crash — this one in September.

After the COVID-19 market crash, stocks recovered quickly, with the S&P 500 setting new highs over the summer. Now, some are saying that the gains came too quickly. Most of the gains seen over the summer came from tech stocks, which have become pricey as a result. In the meantime, "traditional" industries like banks and utilities have remained down for the year. As a result, dividend-paying "income stocks" may actually be better than tech stocks for fall 2020. The following are three such stocks to consider in the months ahead.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is a utility that focuses on renewable energy. Its Liberty Power subsidiary has 36 facilities delivering renewable energy, with 1.5 gigawatts of installed capacity. From 2016 to 2019, Algonquin grew its earnings from $97 million to $530 million. As a result of this incredible growth, AQN stock handily outperformed the TSX index over the past five years.

It may continue to do so. AQN's most recent quarter saw flat revenue, 83% growth in GAAP earnings, and a 7% decline in adjusted earnings. The adjusted figure excludes non-recurring factors. Personally, I'm more inclined to take the less-flattering adjusted number as reliable. But a 7% earnings decline in the COVID-19 era isn't bad at all. If you don't believe me, compare that to the average TSX bank in Q2.

CN Railway

Canadian-National Railway (TSX:CNR)(NYSE:CNI) has been one of the most dependable income stocks of the past decade. Since 2010, it has risen 354%, while paying rising dividends all along the way. Because of CNR's strong gains, its dividend yield is not that high, sitting at just 1.65%. However, its dividend growth has been epic, growing at 12.1% per year over the last five years. If that dividend-growth rate continues, you could have a fairly high yield on cost in the future.

Will that growth actually continue?

2020 so far paints a mixed picture. While Q1 was a winner, with 31% earnings growth on flat revenue, Q2 saw earnings decline. A major part of that was weakness in the oil industry. With oil accumulating in storage in the U.S., there has been less demand for oil exports. What oil is exported can be handled by previously over-capacity pipelines. That hit CNR's crude-by-rail business hard. But it should recover as the economy stabilizes.

Royal Bank

Royal Bank of Canada (TSX:RY)(NYSE:RY) has been one of Canada's most reliable bank stocks over the years. It has not seen the growth that **TD** has seen over the past decade, but it has been very dependable. 2020 appears to be continuing with that tradition. With Q3 earnings nearly flat year over year, this bank is walking off the COVID-19 damage faster than its peers. Still, its stock is down for the year and sports a 4.5% yield at today's prices. For defensive investors, this would be a great income stock to buy in 2020.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise

6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/05
Date Created
2020/09/14
Author
andrewbutton