Forget SPI Energy Stock: Buy This 1 TSX Stock Instead

Description

Wednesday saw an obscure stock barrel out of nowhere to create one of the biggest single-day leaps in trading history. Better known for photovoltaic solutions (think solar power), **SPI Energy** (NASDAQ:SPI) revealed its first foray into the electric vehicle (EV) space. The move ignited a frenzy of trader activity.

SPI Energy stock taps the EV trend

At one point, this stock was up by 4,300% Wednesday. Watching the headlines being generated in real time was almost bizarre. At any given moment, headlines were trumpeting 400% growth, 1,200%, 4,000%… For early investors in this name, Wednesday must have been a heck of a ride. Closing higher by 1,259%, SPI finished the day having claimed 2020's momentum crown for the year to date.

The move was all the more unusual since **Tesla** — usually the go-to EV stock — lost 10% on Wednesday. The move seems almost insignificant next to SPI's huge gains. But to see Tesla down by double figures should be a wake-up call for EV bulls. In the last five days of trading, Tesla has lost 7.9%.

If you *do* want to invest in a "green economy" stock, there are safer long-term ways to do so. Now, the Holy Grail for investors is gains. The bottom line is always, well, the bottom line. But in the absence of a crystal ball, investors should look to predictable stocks with consensus buy signals. If stocks pay a reliable dividend, that's always a bonus. But the main aim always has to be net gains at the end of the day.

Forget short-term froth and go long on diversified energy

With this in mind, moderate growth stocks such as **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) may fit the bill. This name has a conservative 11% upside estimate built in, plus it satisfies a renewable energy thesis. Some estimates see a five-year total return of 150%. This could end up being far in excess of the half-decade growth afforded by a relatively obscure energy name making a foray into the crowded EV space.

In years to come, AQN might start to pile on the capital gains. This year, though, investors should take heart that AQN is at least flat against a turbulent North American market backdrop. As with the majority of Canadian stocks, AQN saw its low point in the March selloff. Since then, the clean energy stock has gained 35% off its 52-week low.

A 4.4% dividend yield is on offer from AQN, making it a strong pick for a TFSA or RRSP. Its operations are diversified, covering the generation, transmission, and distribution of energy. Along with natural gas distribution, AQN also produces and sells energy from a range of hydroelectric, wind, solar, and thermal sites.

There's also the safety aspect of buying into a utilities company. This is a good year to start to build positions in the energy section of a stock portfolio, since many names are down year on year. While AQN is unlikely to ever see one-day +40-fold gains, what it can do is provide sustainable growth over the years.

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1. Dividend Stocks
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Date
2025/09/16
Date Created
2020/09/24

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