Stock Market Crash: 2 TSX Dividend Stocks

Description

COVID-19 hit the oil and gas industry in the stock market hard this year. We don't know when travel demand will pick up. Some analysts are saying to expect the COVID-19 pandemic to influence day-to-day lifestyles through mid-2021 to even 2022.

Oil and gas will be one sector of the economy that will struggle to survive during this period. That being said, is it a good idea to pick up oil and gas stocks on the stock market dip?

The answer is probably, "No." Then again, Saudi Arabia's sovereign wealth fund did recently invest in North American oil and gas industry through **Suncor**. Still, this decision doesn't say a lot for other major energy players on the **Toronto Stock Exchange**.

Here are two energy stocks to consider (or reconsider) buying in the next few months.

TC Energy Corporation

TC Energy Corporation (TSX:TRP) specializes in energy infrastructure in North America. The energy stock hit a 52-week low of $47.05 during the March 2020 market crash. At the time of writing, the stock is trading for $59.51 per share. At this market value, the dividend yield is a decent 5.44%.

Income investors should like this stock as it also offers shareholders some value at the current price. The price-to-earnings (P/E) ratio is only 13.07. In today's stock market, high P/E ratios are flashing warning signs among seasoned analysts. Federal Reserve decisions to keep bond interest rates low continue fuel more than inflation fears. Financial analysts are expressing concerns about an overvalued stock market.

Thus, TC Energy's attractive P/E ratio and dividend yield are intriguing. Nevertheless, this purchase may not be worth the risk. North America doesn't have a cost advantage in the oil and gas sector.

Pembina Pipeline Corporation

Pembina Pipeline Corporation (TSX:PPL)(NYSE:PBA) owns crude oil and natural gas pipelines produced in Western Canada. It also controls processing, infrastructure, and logistics assets. This energy stock hit a 52-week low of $15.27 after the March 2020 market crash. At the time of writing, the stock is trading for $29.55 per share. Offering a dividend yield of 8.53%, is this a good asset to buy for your retirement portfolio?

The stock would provide a generous income, but the price may still be a little high given the risk in the industry. The shares are selling for a price-to-earnings (P/E) ratio of 16.80. The oil and gas industry has to contend with unpredictable geopolitical forces and the COVID-19 pandemic is only causing more friction.

Earnings growth on this stock was decent prior to the health crisis. On the downside, the return on equity is relatively low at 6.84%. Further, the drop in demand from the COVID-19 pandemic casts substantial doubt on whether Pembina can keep up the pace of growth.

The point is that there could be less risky investments that make more practical sense on the **Toronto Stock Exchange** today.

Buy dividend stocks for income

When the stock market is low, look for some well-priced income stocks to buy for your retirement portfolio, Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP).

Find great values that will provide you with income. Ensure your investment decisions are made based on a long-term outlook. That’s one of the best strategies you can take to save for your retirement.

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TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
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Date
2025/08/15
Date Created
2020/09/26
Author
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