



Buy This 1 TSX Energy Stock for a Frothy Fall Market

Description

It's been an informative few days for investors. Kicking it off, Friday saw U.S. president Donald Trump hospitalized with the coronavirus. This led to an immediate sell-off in the stock markets and weaker oil prices. The internet was abuzz with questions, theories, and thinkpieces. Then came the damage control. Out came the cavalcade and up went the markets.

All-weather stocks are essential

"FEELING GREAT!" Those were the words Trump buoyantly tweeted Tuesday before reassuring the electorate that his next debate against Joe Biden was still a go. North American economies may not be "feeling great" just yet. However, the quick turnaround in the U.S. president's health has certainly provided a pick-me-up for equities.

At least, it did until Trump cast doubt on stimulus negotiations. Both Wall Street and the TSX sank 1%, respectively, on the news. With the next round of fiscal stimuli now seemingly off the table till November, North American markets are likely to remain volatile. Of particular note to Canadian investors, though, should be the fact that the TSX has fallen into step with Wall Street.

Now, whether the markets actually like Donald Trump or whether they're simply allergic to shock will be a question for the historians. However, there are a few indications that a favourite candidate might already be emerging — at least in terms of the markets. Notably, the TSX had also risen since Friday's U.S. sell-off, suggesting that Canadian stocks are far from immune to U.S. influence.

Look for growth markets beyond political influence

A corporate response to a Democrat victory might be initially frosty. However, the green economy thesis would actually be strengthened by a change of faces at the White House. Of course, the renewables space is still reliant on actual energy usage. Green power investors shouldn't expect this space to outperform to any great extent if the pandemic continues to weigh on electricity demand.

Still, green power growth investors are likely to welcome a new administration committed to bolstering the zero carbon drive and rejoining the Paris Accord. While there has been some confusion regarding Biden's commitment to the Green New Deal, the overall message is clear: his administration would take the U.S. in an entirely different direction.

Canadians looking for low-risk plays in the green economy space should consider [going on the defence](#). Names such as **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) satisfy a low-risk, diversified play on renewables and on utilities in general. There is some growth in the cards for AQN, while a dividend yield of 4.2% is appealing. AQN rose 3.2% last week, contrary to the markets. Given Friday's developments, this further suggests that the renewables space may improve with a Biden win.

But the good news is that AQN is likely to carry on outperforming no matter who takes the reins this November. And therein lies its great charm. Energy stocks with a renewables component therefore look set to continue adding growth as an all-weather play regardless of political climate. AQN's water infrastructure development plus rate-regulated electricity generation, distribution, and transmission all make for a solidly diversified sleep-easy income stock.

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