



3 Value Stocks to Buy Amid Rising Volatility

Description

The rising COVID-19 cases due to the fast-spreading Delta variant is a cause of concern and has increased volatility in the global equity markets. Despite the increasing volatility, here are three value stocks that you can buy right now to earn superior returns.

Air Canada

The Canadian government will open its border to fully vaccinated U.S. citizens, even for non-essential purposes, on August 9. **Air Canada** ([TSX:AC](#)) will be resuming its trans-border flights between the two nations on that date. The company will be operating 220 flights on 55 routes to 34 destinations in the United States. Further, the company has also announced it will resume its flight to various destinations across the world from next month.

The company is looking at strengthening its cargo division by adding new aircraft amid rising demand. It has planned to add two retired passenger aircraft to the service by the end of this year, with plans to add more aircraft next year. So, amid improving market conditions and its initiatives, Air Canada's growth prospects look healthy. The company's net losses contracted by 27.1% in its recently announced [second quarter](#). Its cash burn was \$8 million per day compared to earlier projected \$13-\$15 million.

Despite its positive outlook, the company trades at an attractive valuation, with its forward price-to-sales standing at 0.8. So, I believe [Air Canada would be an excellent buy right now](#).

Enbridge

Today, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) reported a solid second-quarter performance, with its adjusted EPS coming in at \$0.67 — well above analysts' expectation of \$0.57. Year over year, the company's adjusted EPS grew 19%. The increase in its mainline volumes due to the recovery in energy demand, the positive impact of currency translation due to weaker U.S. dollar, and lower interest expenses drove its earnings.

After the planned maintenance between April and June, the throughput of its liquid pipeline has been robust this month. The company is advancing with its \$17 billion secured capital program, with \$10 billion worth of projects expected to be put into service by the end of this year. Meanwhile, the company's management expects these initiatives to boost its distributable cash flows at a rate of 5-7% through 2023.

Despite its healthy growth prospects, the company is trading at a forward price-to-earnings multiple of 18.3. Also, the company rewards its shareholders at a healthier dividend yield. So, I believe Enbridge would be an excellent addition to your portfolio.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)), which trades over 13% lower than its recent highs, is my third pick. The ramifications of the deep freeze on its power production in February and the weakness in the renewable energy space have dragged the company's stock price down. The company also trades at an attractive forward price-to-earnings multiple of 22.

However, Algonquin Power & Utilities's outlook looks healthy, given its exposure to low-risk utility and high-growth renewable energy spaces. The company intends to spend around \$9.4 billion over the next five years in expanding its utility and renewable assets. Along with these investments, its long-term contracts and favourable rate revisions could boost its financials in the coming years.

The company has a strong track record of raising its dividend. Currently, the company's forward yield stands at 4.26%. So, I believe Algonquin Power & Utilities would be an excellent buy in this volatile environment.

CATEGORY

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:AC (Air Canada)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)

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