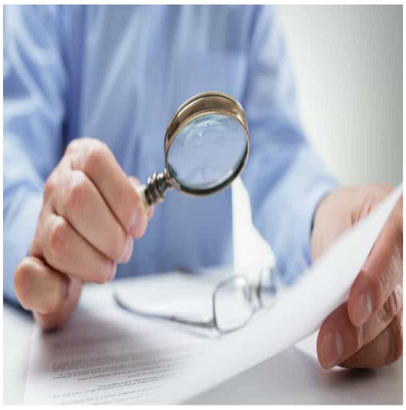


1 Plunging Canadian Dividend Stock Near a 52-Week Low to Watch in November

Description

The September dip came and dissipated quickly with the recovery in October. At the start of November, the Canadian stock market trades at its all-time high. Not all is rosy, though. At a macro level, the COVID-19 pandemic is still a nagging issue that could result in targeted lockdowns in certain geographies.

Moreover, supply constraints are still weighing on the economy. A *Bloomberg* article pointed out that supply shortages across services, manufacturing, labour markets, retail, and commodities are not only witnessed in the United States, but a similar situation is also evident in the United Kingdom and euro area. Of course, there's also the lingering supply chain issue that originated from the bottlenecks caused by the pandemic.

Can we expect a Santa Claus rally?

Typically, the stock market is optimistic around Christmas time. Perhaps it's the atmosphere of giving or the joy around the festivity. More specifically, *Investopedia* describes a Santa Claus rally as "a sustained increase in the stock market that occurs in the last week of December through the first two trading days in January."

The market is at its all-time high. Besides, there's really no point in speculating whether such a rally will materialize this year if you're not planning to sell your stock investments anytime soon. In fact, here at the Motley Fool, we don't rely on short-term price movements. A better goal would be to aim for market-beating total returns for the long haul.

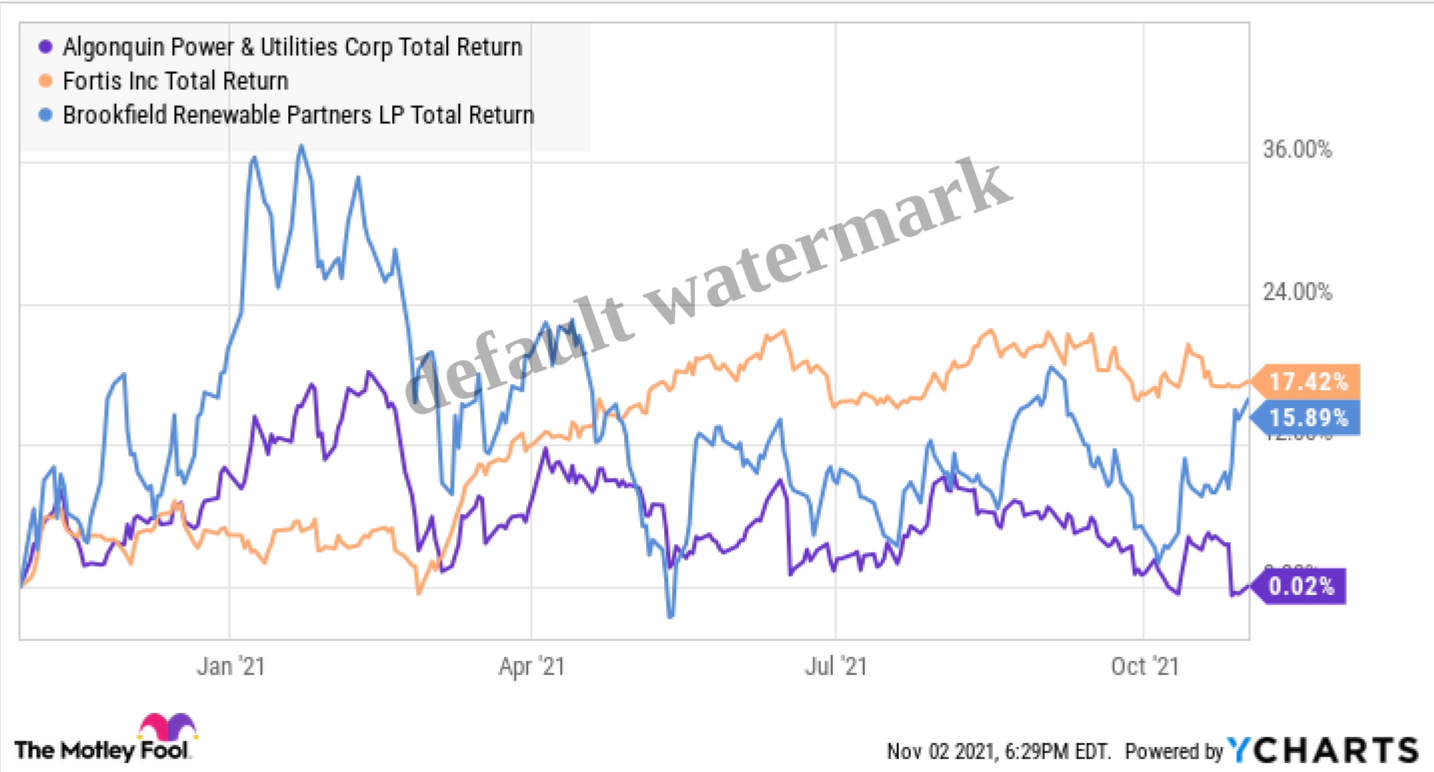
Investors might as well consider buying quality dividend stocks when they're cheap and pocket nice dividend income while sitting on shares for long-term price appreciation. Here's one plunging Canadian dividend stock that's trading near its 52-week low. You should have your eyes set on it this month.

Algonquin Power & Utilities: The high-yield Canadian stock is

out of favour

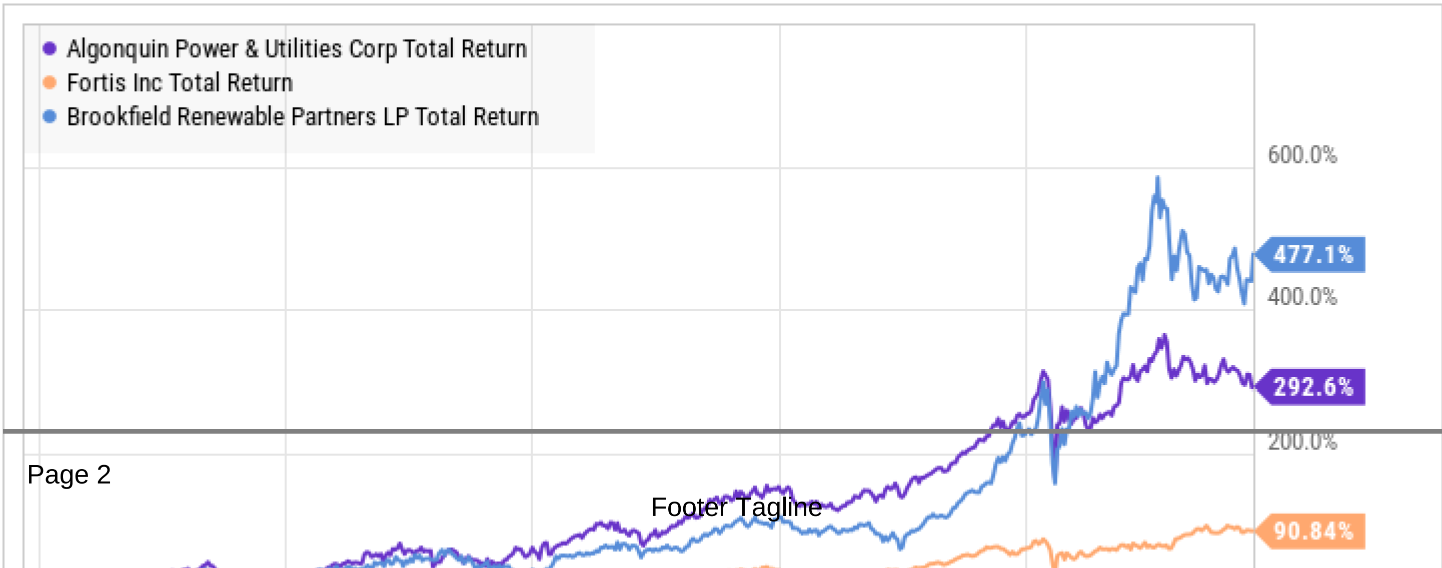
Since **Algonquin Power & Utilities** ([TSX:AQN])([NYSE:AQN]) reports in U.S. dollars, I'll also discuss the dividend stock in that currency. Its 52-week range is US$14.30 to US$17.86 per share. So, at writing, it trades at only 1% above its 52-week low and 19% below its 52-week high. The high-yield stock is out of favour; the general market is rising, but the stock is plunging.

Algonquin provides a range of regulated utility services and has a renewable power portfolio. Therefore, it's not as straightforward to value the utility stock versus its peers that are either one or the other. Typically, renewable utilities are priced at a higher valuation. No matter what, the high-yield stock has clearly underperformed in the last year when compared to regulated utility representative **Fortis** and renewable utility representative **Brookfield Renewable**. Algonquin has about 80% of its revenues coming from its regulated utilities.



Total Return Level data by YCharts

In the long run, Algonquin has proven its worth, though. So, the correction in the dividend stock could very well be a buying opportunity.



Total Return Level data by YCharts

Particularly, AQN stock sold off recently from its acquisition of Kentucky Power and Kentucky Transmission for about US$2.85 billion. The acquisition adds to its rate-regulated assets, but it's funding the transaction with an $800 million bought deal equity financing.

Kentucky's generation is primarily coal-fueled, which aligns with Algonquin's "greening the fleet" mission. However, it also means that Algonquin's execution would be critical. Investors don't need to worry too much, because management has experience in this area.

The Foolish investor takeaway

Algonquin has a long-term track record in beating market returns. Consequently, the correction in the high-yield stock is likely a buying opportunity. Investors with a long-term investment horizon of at least three years should consider accumulating shares on the selloff.

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