1 Stock to Buy and 1 to Avoid in a Volatile Market

Description

The **S&P/TSX Composite Index** continues to be a shaky place for Motley Fool investors. Shares on the TSX today have been jumping all over the place, down 5% year to date as of writing. It's hard not to panic when the stocks you believed in two years ago now suddenly look like duds.

But don't panic! There are opportunities that long-term Motley Fool investors can sink their teeth into. Just be careful. You don't want to buy into a company that may not recover to pre-drop prices.

With that in mind, here is one stock I would buy on today's market and one I would avoid.

Buy: Brookfield Renewable Partners

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is a strong option, even as the market drops. Shares rose 15% since the beginning of 2022, only to come down by 10% as of writing. So, why buy this stock if it's continuing to drop?

Brookfield is a strong choice for several reasons. It has a high dividend of 3.68% for investors to pick up and look forward to. That's even if shares drop even lower! It currently trades in value territory at 1.96 times book value and just above oversold territory at 34 on the relative strength index (RSI).

Brookfield is also in the booming clean energy business. It continues to receive investment both publicly and privately. It has long-term contracts for a diverse range of clean energy assets ranging from wind to solar. And these are all over the world, not just in one or two countries.

This diverse range of income means Motley Fool investors can continue to look forward to dividends and growth after the market volatility ends. And it has the history of 23 years on the market to prove it.

Avoid: Shopify

I think **Shopify** (TSX:SHOP)(NYSE:SHOP) still has a stellar future ahead of it. But during market volatility, Shopify stock has sunk lower and lower. That's mainly due to being so new on the market. Analysts identified even before the March 2020 crash that they weren't sure it could weather a recession. We're now seeing how that plays out, and it doesn't seem to be going well.

Shopify stock shares are down 75% year to date. And that's down 80% from all-time highs of $2,228. The problem is that growth was pretty much directly connected to the company's astounding growth early on. Now that growth is slowing as it becomes a larger company, investors are therefore taking any returns they can.

Does that mean Shopify stock is doomed for failure? No. But it's not something I would pick up right now. There are far too many uncertainties surrounding it. Will its investments in fulfillment centres work out? How will the stock split be received? And how will it compete with **Amazon's** latest "Buy With Prime" play?

All this leads me to avoid this stock for now. Even while it trades at a valuable 16.66 times earnings, 31 RSI, and 4.32 times book value. That doesn't mean I won't pick it up later, but it needs more than a few years of maturity to bring me back on board.

CATEGORY

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2. Stocks for Beginners

TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:SHOP (Shopify Inc.)

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Author
alegatewolfe