



## TSX Utility Stocks Are Hot: These 3 Are Great Investments Today

### Description

Utility stocks are usually the best bets amid a volatile market backdrop. Despite the recent rally in the stock market, recessionary fears are now stronger than ever after the U.S. reported a 0.9% GDP decline in Q2, marking the second consecutive quarterly decline.

As consumer demand slows down due to surging inflation levels and interest rates hikes, cash flow-rich utility stocks can provide a safe haven, as they typically have steady dividend payouts and solid financials.

Let's look at three top [dividend-paying](#) utility stocks Canadians can buy in August 2022.

### Fortis

With more than 3.4 million customers across North America, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is one of the best-performing Canadian utility stocks. The company has grown its asset base over 150 times since its inception in 1987 to \$60 billion today. In 2021, Fortis generated \$9.4 billion in total revenues, making it one of the largest companies trading on the TSX.

This utility stock pays regular dividends as well, indicating Fortis a great investment right now. Fortis distributes \$1.66 per share as dividends to shareholders annually, yielding an impressive 3.52%.

In addition, the utility giant has increased its dividend payouts consecutively over the past 48 years, making it one of the most popular Dividend Aristocrats in Canada. Moreover, Fortis plans to maintain this growth trajectory, as it is currently targeting a dividend-growth rate of 6% annually through 2025.

Fortis is also taking steadfast steps to transition into a clean energy leader. It plans on achieving net zero carbon emissions by 2050, which will ensure the company's continued growth over the next decades, even after fossil fuel uses are phased out.

## Algonquin Power & Utilities

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is the second name that comes to mind when we talk about Canadian utility companies. However, one key feature that sets AQN apart from the other competitors is its stake in renewable energy.

In fact, the stock is also a constituent of the S&P TSX Composite ESG Index. The company currently has more than four gigawatts of renewable energy generation capacity in operation and under construction.

AQN stock has a consensus price target of \$20.17, indicating a 12.6% potential upside. In other words, the stock could surge more than 12% within the next 12 months, despite recessionary concerns. It is also one of the best dividend stocks you can buy now, with a handsome 5.17% yield. After accounting for its tasty dividend yield, total returns may be closer to 18%.

With more than \$500 million in annual operating cash flows, AQN is well positioned to distribute dividends, even during a market downturn. In fact, the company's revenues and earnings are expected to rise in the upcoming years, given volatile commodity prices and recession-resistant demand, driving AQN's profit margins and, therefore, dividend payouts.

## Canadian Utilities

Diversified global energy infrastructure developer **Canadian Utilities** ([TSX:CU](#)) is a partly owned subsidiary of the ATCO Group of Companies. The stock is one of the best-performing TSX stocks over the past year, up 11.9%. in comparison, the benchmark S&P TSX Composite Index is down 2.93% over this period.

Moreover, Canadian Utilities is the only TSX company that has raised its dividend for 50 consecutive years. It recently declared its third-quarter dividends for both non-voting and common shares.

The company has been expanding its operations across Canada for several decades. Last quarter, it partnered with **Canadian Pacific Railway** to jointly develop two hydrogen-producing and refueling facilities in Calgary and Edmonton.

Despite macroeconomic challenges, Canadian Utilities is doing remarkably well. The diversified energy producer's adjusted earnings are up 18.3% year over year in the fiscal second quarter (ended June 30). The utility heavyweight also offers investors a dividend yield of 4.3%.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:CP (Canadian Pacific Railway)

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5. TSX:CP (Canadian Pacific Railway)
6. TSX:CU (Canadian Utilities Limited)
7. TSX:FTS (Fortis Inc.)

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