



Why Is Everyone Talking About Algonquin Stock?

Description

Algonquin Power & Utilities ([TSX:AQN](#)) has been generating a lot of buzz lately. A quick Google News search reveals dozens of articles about the stock in the last few weeks. Likewise, many are posting about the stock on **Twitter**. AQN stock has become a popular name in “DivTwit,” a Twitter community made up of dividend investors. As an example of AQN’s popularity, here’s a Tweet made by DivTwit poster “[The Wealth Trap](#)”:

“Max this out and build your passive income brick-by-brick What are some of your favourite CAD companies to invest in? Mine are \$bepe \$vfv \$fts \$enb **\$aqn** \$T.to to name a few!”
– *The Wealth Trap*

It’s clear that AQN stock is generating a lot of buzz. The question is, *why?* AQN is a utilities stock, and utilities aren’t usually the most glamorous equities out there. Known for “slow and steady” returns, they aren’t considered huge market beaters. They do, however, offer high-dividend income, and, as you’re about to see, many investors place a premium on dividends this year.

Utilities are about to report earnings

One big reason why Algonquin Power & Utilities stock is generating buzz is because utilities stocks are about to report their earnings. The big U.S. utilities, **Duke Energy** and **Dominion Energy**, are reporting on November 4. Algonquin itself reports November 11. Stocks tend to attract more attention than usual right before they report earnings, so there shouldn’t be any surprise that Algonquin is being talked about. Earnings are right around the corner!

Algonquin stock has a high yield

Another reason why Algonquin stock is being talked about a lot lately is because it has a high [dividend yield](#). At today's prices, AQN yields 6.5%, which is a far higher yield than the average TSX stock can boast. In the past, a high dividend yield in itself wouldn't have mattered much, but this year it does.

Dividend stocks, as measured by the Dividend Aristocrats "index," have outperformed the market in 2022. For the year, the Aristocrats are down only 9.7%, while the overall stock market is down 20%. So, dividend stocks are outperforming. Many investors have noticed this fact and have begun buying dividend stocks, hoping to beat the tech-focused markets.

Algonquin is faster growing than the average utility

Another advantage Algonquin has is the fact that it is growing faster than the average utility. Over the last five years, AQN has grown its revenue by 16% and its earnings per share by 12.7% annually. If you're familiar with the utilities sector, you'll know that these are above-average growth rates. Generally, utilities are slow but steady growers whose earnings go up maybe 5% or 6% per year. Algonquin's double-digit growth is well ahead of the sector's averages. If the company can keep it up, then it should outperform the average utility stock.

Foolish takeaway

As I showed in this article, there are many reasons why investors are talking about Algonquin stock. It's about to report earnings, it has a high yield, and it's growing relatively fast. All of these are good reasons for a stock to generate buzz in 2022, and Algonquin has them in spades. So, its popularity is deserved.

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Date

2025/08/26

Date Created

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