



Canadian Investors: This Could Be the Biggest Moneymaking Opportunity of the Decade

Description

Making long-term predictions is never easy. For instance, a decade ago, no one would have predicted the pandemic and geopolitical landscape we have today. So, predicting the next decade is just as difficult.

Nevertheless, there are some long-term trends that are statistically likely to occur that investors can focus on for their long-term bets. One such trend is the energy transition. Here's why I believe the global energy transition is the biggest moneymaking opportunity of the decade.

Perfect storm

Large-scale economic shifts are usually driven by either government intervention, technical innovation, or consumer demand. Any one of these factors is enough to create a shift in certain sectors. But the energy transition is driven by all three factors.

Consumers clearly prefer cleaner and more [renewable sources of energy](#). 59% of Canadians said the clean energy sector would be very important to our economy in 10 years, according to a survey conducted by Abacus Data and Clean Energy Canada earlier this year.

Meanwhile, the Canadian government has set a target to reduce greenhouse gas emissions by 45% by 2030 and reach net zero by 2050. New rules about electric vehicles, subsidies for solar panels and carbon taxes are part of this policy.

Finally, technical innovation has made renewable sources of energy cost competitive. According to the International Energy Agency's World Energy Outlook 2020, solar and wind were now cheaper than [oil and gas](#) to produce electricity in most scenarios. That means consumers and corporations have an incentive to shift to renewables, even if saving the climate isn't a priority.

Estimates suggest that the green energy sector could add \$48 billion to Canada's Gross Domestic

Product every year by 2030. Meanwhile, global consumption of clean energy grew 8% in 2022 alone and is now worth US\$2.4 trillion or \$3.25 trillion. This is the trillion-dollar opportunity of the decade.

Best renewable stocks

Stocks like **TransAlta Renewables** ([TSX:RNW](#)) should be on your radar if you're looking for a growth opportunity. The Calgary-based clean energy giant saw its revenue jump 12.6% year over year in the first nine months of 2022. Earnings before interest, taxes, depreciation, and amortization were up 22.3% over the same period.

Over the next decade, the company intends to expand its electricity-production facilities. These facilities have long-term supply contracts that cement revenue on a recurring basis. That's why TransAlta's can compensate its shareholders as generously as a traditional utility company. At the moment, the stock offers a lucrative 6.7% dividend yield.

I expect the dividends and share price to soar in the years ahead. That's why this stock should be on the radar of every long-term investor.

Bottom line

The global transition from fossil fuels to green energy is the biggest moneymaking opportunity of the decade. Invest accordingly!

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