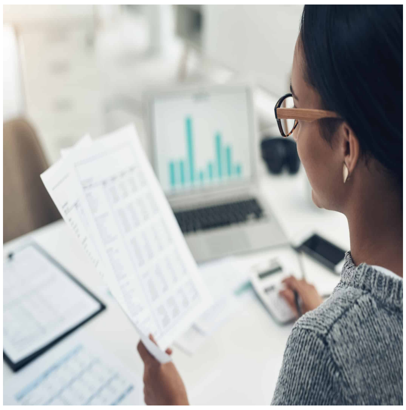

Better Buy Today: Algonquin Power Stock or Rogers Stock?

Description

2022 has been a rude awakening for many firms on the TSX. Most stocks have felt the roar of the bear market in the United States. That said, a few blue-chip staples have lost far more than many investors would have expected just a year ago.

Indeed, this market selloff has not spread the "pain" evenly across stocks in this market. As we head into 2023, investors should expect the recovery to be concentrated in the names that have lost the most ground. Though the value trade has picked up steam in recent quarters, I'd argue that a true market turnaround would see tech leading the way out of the gutter.

Now, most of tech will never see their highs again. Others will never see the light of day, as their debt loads get the better of them with every increase in interest rates. Regardless, investors should not expect Mr. Market to wait for them to place moves before roaring higher, possibly on the back of further "cool" consumer price index reports and dovish talk from the U.S. Federal Reserve.

Sometimes, you've got to brave market selloffs and bathe in the blood on Wall Street, even if some of the blood on the Street is your own! In this piece, we'll consider two intriguing blue chips that have been pummeled this year but could have the means to climb back in the new year.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN) is now going for just shy of $10 per share after its worst crash to date. Shares shed nearly 35% of their value following a brutal quarterly earnings result that missed the mark by a country mile. It's hard to believe, but Algonquin shares are now down around 55% from their highs not seen since the peak in early 2021.

Algonquin's third-quarter loss and guidance cut acted as a one-two punch straight to the gut of investors, many of whom stood by the dividend-growth darling for years. Indeed, Algonquin threw investors a bit of curve ball this year. Now, negative pressure is mounting, with certain analysts questioning the sustainability of the massive dividend, which now yields 9.6%.

It’s heartbreaking to be on the receiving end of a dividend cut. Algonquin used to sport a 5-6% dividend yield alongside upbeat dividend-growth prospects. Now, it seems like the payout is destined for the chopping block. It’s too big a commitment for a firm that’s been hit by higher rates and inflation.

I think there’s too much uncertainty to continue topping up Algonquin on this dip. The company folded in a hurry. As a result, it may lose many long-time investors who will move on to better dividend stocks.

Rogers Communications

Rogers Communications (TSX:RCI.B) dropped the ball when it suffered national outages in the summer. The stock crumbled by around 30% from peak to trough. Now, shares are back in rally mode, with investors ready to focus on post-outage growth. In the latest quarter, income took a big hit to the chin from the summer outages. Net income took a 24% dive, but revenue managed to climb 3% year over year to around $3.74 billion.

As we head into recession, Rogers looks poised to hold its ground. The stock sports a safe 3.5% dividend yield alongside a modest 19.1 times trailing price-to-earnings multiple.

Bottom line

Though Algonquin is a “sexier” option amid its historic crumble, I view Rogers stock as a better deal for investors who don’t want to add to their risk profile going into a recession year.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AQN (Algonquin Power & Utilities Corp.)
2. TSX:RCI.B (Rogers Communications Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date
2025/07/19
Date Created
2022/11/21
Author
joefrenette