



1 Oversold Dividend Stock (Yielding 8.5%) to Buy Before the New Year

Description

Many companies are spiralling downwards these days. However, not every one of these companies could be considered oversold. Oversold happens when companies go far below their fair value, offering an opportunity for investors. Especially if it's a dividend stock.

So that's why today I'm going to discuss one oversold dividend stock investors should consider. Not only has it fallen far below value, but you can gain access to a dividend while you wait for an eventual rebound. And it *will* eventually rebound.

TransAlta Renewable

TransAlta Renewable ([TSX:RNW](#)) has been hit with problem after problem this year, at a time when the company really couldn't afford with a recession coming in. RNW stock had enough problems in 2021, with a turbine collapse at its New Brunswick wind farm leading to a closure and replacement of the 50 towers.

More problems came up this quarter, when RNW stock announced it saw, "lower than expected wind resource." Plus, rising interest rates and competition have led RNW stock to put its cash aside for its dividend, rather than growth opportunities, ahead of a potential recession.

Shares of RNW stock fell sharply by 23% after the news on Dec. 14, and have remained down since. However, RNW stock is now in oversold territory, trading at a [relative strength index](#) (RSI) of 21.75! That's far below the oversold mark of 30.

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So there's some bad news happening for RNW stock, but frankly, it's nothing that other companies aren't facing themselves. And I mean companies in general, not just clean energy. But since RNW stock is in the clean energy sector, it actually has a far more likely chance to recover than those companies in other sectors.

Especially RNW stock, as this stock has a number of operations across [renewable](#) energy sectors. This includes renewable gas, where RNW stock can look to higher gas prices for a boost to income while it transitions to fully clean energy when the time comes.

Clean energy growth is not just coming, it's here. While there are problems to be fixed at the present, those problems also create opportunities for the investor willing to wait it out. Meanwhile, you can lock up a much higher dividend yield with shares so low.

Bottom line

Investors will eventually figure out that they need to pick up this oversold dividend stock. It's going to happen. When it does, you may end up kicking yourself that you didn't lock up shares when they traded so low. RNW stock now offers an 8.46% dividend yield as of writing, and should shares recover soon to 52-week highs, that's a potential upside of 78% as of writing.

While growth may take a little while, you can at least rest easy that RNW stock is using its cash to support that dividend. And remember, it's not about timing the market, but time *in* the market. So if you're willing to buy low today, you should be able to sell high when clean energy fully takes over the energy sector.

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Date

2025/08/23

Date Created

2022/12/23

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