



1 Very Cheap Pipeline Stocks on Sale Today!

Description

Right now, commodity investing is suffering. Many investors, myself included, are sick of getting hammered year after year. Unfortunately, investing in commodities is a long-term game. It can take years for markets to turn around. The wait can be challenging, even for seasoned investors.

The good news is, however, that the downside in commodities is far more limited in comparison to the upside potential. Most commodities are so beaten down that it is pretty easy to see that there is the potential for massive gains when markets do recover.

Oil stocks are attractive

Oil stocks are recovering slightly in recent weeks, but are still a long way from being overvalued. With prices at rock-bottom levels, it is not hard to choose excellent companies at reasonable prices. Don't bother looking too far down the food chain in these stocks. Large-cap oil producers will have enough leverage.

One stock that is sitting at a very enticing level is **TC Pipelines LP** ([TSX:TRP](#))([NYSE:TRP](#)). A couple of weeks ago, the pipeline giant was very near to its 52-week low. That's right, you could have picked up this stock with a better-than-6% yield at prices mirroring the March lows.

Even so, this pipeline is still trading at a reasonable price-to-earnings ratio of 11 times trailing earnings. The pipeline giant provides more than 25% of the natural gas North Americans use to heat their homes. It also fully owns or has interests in seven Canadian power generation facilities.

Even though the stock recently recovered slightly, it still has an [attractive yield](#) of just under 6%. The dividend has been growing for years, including an 8% increase earlier this year. Despite the 2020 craziness, this resilient company is still targeting 8-10% dividend increases through 2021 and healthy [5-7% increases](#) thereafter.

The wise choice

What investors need to realize is that owning energy stocks like TC Pipelines provides you with an excellent value opportunity in a world where cash flow is hard to come by. This company proved that it is possible to make money and return it to shareholders in spite of challenging macroeconomic environments.

Of course, if there is anything the past decade has shown me, it is that patience is required to make money in commodity-related stocks. Owning these stocks can be a humbling experience, but in the long run, it will be worth it. If you have the stomach to sit tight and the ability to wait, the upside moves can be huge.

The bottom line

You don't need to buy what everyone else is buying to make money. In fact, most of the money will be made in the unloved areas outside of the mainstream. This is doubly true for the challenging commodity market.

Oil stocks are one of the most hated sectors at the moment, so there are certainly deals for patient investors. A stock like TC Pipelines will give you exposure to the market, high potential returns, and solid cash flow while you wait for the sector to rip higher.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks

3. Investing

Date

2025/08/17

Date Created

2020/11/22

Author

krisknutson

default watermark

default watermark