2 Stocks to Ride Out a Market Correction: Fortis Inc and Metro, Inc.

Description

Stock markets have started to take a breather after a spectacular run and are now moving into a time of year that is often volatile. Corrections are a healthy part of every market and long-term investors should focus on the big picture.

Nonetheless, it is important to consider the current environment when looking to invest new money. Some companies offer products or services that are always in demand, and these companies tend to hold up best when the market pulls back.

Here are two stocks to buy if you think the stock market is headed for a correction.

1. Fortis Inc

When looking for a solid company that pays a healthy dividend and has a stock price with low volatility, **Fortis Inc** (TSX: FTS) is as steady as they come. This diversified electrical utility has operations in Canada, the U.S., Central America, and the Caribbean.

Although many investors consider utilities to be boring investments, Fortis is not. The company just completed a massive $4.5 billion acquisition, buying Tucson-based UNS Energy Corp. The purchase of UNS Energy will add approximately 657,000 electricity and gas customers in Arizona and significantly diversify the company’s geographic footprint.

This acquisition means Fortis will have no more than one-third of its assets in any one regulated jurisdiction. This helps mitigate overall risks for the business.

Fortis says the UNS Energy deal will be accretive to earnings per common share in 2015.

The advantage of owning Fortis is that its regulated utilities account for about 93% of its total assets, so revenue streams should be reasonably predictable.

The company pays a dividend of $1.28 per share yielding about 3.8%.

2. Metro, Inc.

Whether the markets go up or down, people still have to eat and **Metro, Inc.** (TSX: MRU) is the most efficient company in Canada at making sure its customers get the groceries they want.

Founded in 1947, it operates a network of nearly 800 food stores and 250 drug stores and pharmacies in Quebec and Ontario.

Despite increased competition from U.S. giants **Wal-Mart Stores, Inc.** and **Target Corporation**, Metro continues to deliver solid results for investors. The company just released its third-quarter fiscal 2014 earnings. Fully diluted net earnings per share were up 9.4% compared to the same period in 2013.

The company also hiked its quarterly dividend by 20% to $0.30 per share. Annualized at $1.20 per share, the dividend yields about 1.7%. Metro's stock price has increased more than 90% in the past five years.

This compares to the other Canadian food giant, **George Weston Limited** (TSX: WN), which has been much more volatile and is up half as much as Metro.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)
2. TSX:MRU (Metro Inc.)
3. TSX:WN (George Weston Limited)

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