3 Defensive Stocks You Should Be Loading Up on as the TSX Index Sells Off

Description

The TSX Index is down 7.1% through the first four weeks of October, and if the current trend continues, October stands to mark the third straight month of declines for Canada's benchmark index.

Given the emergent threats of unsustainable household debts, rising interest rates, and the fallout from international trade negotiations, there are at least a few reasons to believe that the current trend could indeed continue for at least another couple of weeks, if not longer.

In environments like these, investors are going to favour low-risk investments in companies that a) pay dividends and b) are less exposed to cyclical parts of the economy.

All three companies to make the list below fit that bill and pay shareholders annual dividend yields of at least 4.70% with the highest yielding more than 6.50%.

Hydro One (TSX:H) is a simple utility company.

Granted the company has been undergoing a few changes as of late than it usually would, after the newly elected PC government pledged to shake things up at the company as part of its spring election campaign.

Some of those changes include trimming executive pay and reorganizing its board of directors to remove government influences and replace them with directors who will put shareholders' interests first.

The flurry of changes may have disrupted the company's momentum short term but should be mostly positive long term.

Hydro One stock also happens to be trading just off its 52-week low, yielding 4.73% annually, and not much off the price it initially opened at through its initial public offering, making it a particularly timely opportunity for investors.

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is high-yielding stock that makes a lot of sense right now.

BEP stock currently yields 6.59%, backed by long-term contracts offering investors plenty of visibility into the company's future cash flows.

It's becoming increasingly difficult to find credible arguments against the dangers of relying on fossil fuels as a primary energy source. Governments and voters should continue to back the renewable sector going forward, which only serves to support the argument behind buying a stake in BEP today.

BCE (TSX:BCE)(NYSE:BCE) is a wireless company, which, in today's day and age, can almost be viewed as the being the same as a traditional utility.

Regardless if unemployment were to rise, Canadians aren't likely to cut their wireless and internet plans, making BCE's 5.65% dividend a solid investment.

On top of that, BCE has lagged peers **Rogers Communications** and **TELUS** so far in 2018; meanwhile, BCE stock is another one trading just off its 52-week lows, making it another timely buy.

Bottom line

Recent weeks have seen money flow out of economically sensitive sectors like technology, consumer cyclicals and industrial companies and into more conservative sectors like staples, real estate, and utilities.

If the trend continues, shares in these three companies should get a lift.

Not to mention that you'll be getting paid a fair return on your money while you wait.

CATEGORY

1. Dividend Stocks
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2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. TSX:BCE (BCE Inc.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:H (Hydro One Limited)

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jphillips