



## 2 Stocks to Hold in a Bear Market

### Description

The **S&P/TSX Composite Index** dropped 80 points on November 23. The sharp drop in oil and gas prices has taken a [major toll on the energy-heavy TSX](#). The index is now down 7.4% in 2018 so far.

Oil has officially entered a bear market on the domestic and global level, but that is not the only sector facing headwinds. The TSX has broadly underperformed compared to indexes in the United States and Europe. Earlier this month, I'd [discussed some of the weaknesses](#) on the TSX in comparison to other major indexes in the developed world.

There is good reason to believe that the Canadian market will perform well in 2019, especially with the trade situation on the North American continent stabilized. However, investors should always be prepared for the worst. Global growth is projected to slow into the next decade, and Canada is not as shielded as it was in 2018 from economic turbulence. Today we'll look at two stocks that are worth holding even if the bear roars next year.

#### **Barrick Gold** ([TSX:ABX](#))(NYSE:ABX)

Barrick Gold is the largest gold producer in the world with operating mines in four continents. Shares of Barrick have climbed 27.6% over the past three months as of close on November 23. The stock is still down 4% in 2018 so far.

The spot price of gold has climbed over the past three months but has not scratched year-to-date highs. The U.S. dollar remained very strong in the face of the stock market rout and has established a solid floor ahead of an expected Federal Reserve rate hike in December. Economic fundamentals have supported rate tightening for several years, but the explosion of market anxiety may give policymakers pause in the coming months.

Gold production in the third quarter hit 1.15 million ounces at Barrick. The stock even provides a quarterly dividend of \$0.03 per share at a 0.9% yield. This is an added incentive for investors on the hunt for a gold equity hedge.

## Finning International ([TSX:FTT](#))

Finning International is a Vancouver-based dealer and distributor of heavy-duty machinery and parts of the **Caterpillar** brand. Caterpillar stock suffered a sharp retreat in October that sent it to 52-week lows. Rising protectionism is a concern for the manufacturing and construction giant, but Finning has its operations concentrated in Canada, South America, and on the British Isles.

Shares of Finning have dropped 14.9% in 2018 as of close on November 23. The stock hit a 52-week low of \$26.18 last week. Finning spilled into oversold territory as its RSI dropped below 30 in late October, and its third-quarter report failed to generate momentum. Revenues increased by 24% in Canada and by 10% in the United Kingdom and Ireland.

However, a market downturn in Argentina has hurt its operations in that country as revenues retreated by 3%. In Chile revenues rose by 23%. The IMF projects that Argentina's economy will bottom out in the first quarter of 2019 before beginning its recovery.

New investment will continue to power results in Finning's operations elsewhere. In the third quarter, the board of directors declared a quarterly dividend of \$0.20 per share, which represents a solid 2.9% yield.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSX:FTT (Finning International Inc.)

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