2 Wide-Moat Dividend Stocks Yielding up to 4.3% to Own in 2019

Description

The S&P/TSX Composite Index dropped 155 points on December 14. The global stock market sell-off looks like it may bleed into 2019, which should concern investors who are gearing up for the holidays. Stocks in the United States have also been pummeled. In fact, the first nine trading days of the month for the Dow, S&P 500, and NASDAQ have turned in the worst December performance since 1980.

Utilities have struggled in 2017 and much of 2018, as the Bank of Canada has committed to its rate-tightening path. This resulted in higher bond yields, which pushed investors away from utilities, telecom, and real estate stocks. These served as a promising income-yielding options in a low interest rate environment.

The U.S. Federal Reserve is set to announce its decision on a rate hike this week, but it has hinted at a dovish course in 2019. The Bank of Canada appeared steadfast early this fall, but market turbulence and disappointing economic data has seen the central bank indicate that it may also tap on the brakes next year. This is good news for utilities.

Today, we are going to look at two top options that investors may want to consider for their portfolios in 2019.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis stock has climbed 9.9% over a three-month span as of close on December 14. Shares are up 1.3% in 2018 so far. In early November, I'd discussed why Fortis should be a top choice for investors looking to navigate market turbulence.

In the third quarter, Fortis reported earnings that were down marginally year over year, but revenue rose 7% to $2.04 billion. Fortis reported that its adjusted earnings per share increased to $0.65 compared to $0.61 in the prior year. The company recently announced a first-quarter dividend of $0.45 per share, which represents a 3.7% yield.

Fortis is not a screaming buy by any means, as it currently boasts an RSI of 60, just under overbought territory. However, its wide economic moat and investment pipeline hold promise for those hoping to avoid volatility in 2019 and beyond. Fortis has also posted over 40 years of dividend growth.

Hydro One (TSX:H)

Hydro One stock has shot up 6.8% month over month as of close on December 14. Shares are still down 6.8% in 2018 so far. The stock surged on news that U.S. regulators had blocked Hydro One's acquisition of **Avista Corp.**, citing political interference by the Ontario government.

Last week, I'd discussed the fallout at length and argued that the stock still looked good. However, I did recommend that investors should wait for a pullback, as the stock was trading in overbought territory at the time of publication. Shares have since retreated 1.8% over the past week.

The scuttled deal will put cash back into the company's pocket but also prevents it from pursuing expansion that previous management had hinged its growth prospects on. Hydro One boasts a monopoly in the most populous Canadian province. Even without the deal, it will be able to churn out revenue and stable profits from domestic operations. In the first nine months of 2018, Hydro One has posted revenues of $4.65 billion compared to $4.55 billion in the prior year.

Hydro One last announced a quarterly dividend of $0.23 per share, representing a 4.3% yield.

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3. TSX:H (Hydro One Limited)

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