2 Buy-and-Hold Stocks to Ride Out Market Volatility in 2019

Description

Investors received a blunt reminder in recent months that the stock market can go through periods of turbulence.

Falling oil prices, concerns about global growth, and threats of a significant trade war between China and the United States have hit both the Canadian and U.S. equity markets. Oil has shown early signs of a possible bottom, and stocks are now flipping between big losses one day and large gains the next, indicating a rebound might be in the works.

However, ongoing volatility should be expected in the near term with Brexit on the horizon and a potential prolonged shut down of the U.S. government.

With all the uncertainty to consider, let's take a look at two stocks that might be interesting low-beta picks right now for your portfolio.

Waste Connections (TSX:WCN)(NYSE:WCN)

Waste Connections collects, transfers, disposes, and recycles waste for six million residential, commercial, and industrial customers in more than 40 American states and six provinces.

Growth primarily comes through acquisitions, and Waste Connections has been aggressive amid a wave of consolidation in the industry. The company recently closed a deal to buy American Disposal Services, adding 400,000 customers and US$175 million in annual revenue.

The garbage industry is recession resistant, and the geopolitical issues that are causing grief for the broader market should have little impact on the company's operations and performance.

Waste Connections raised its dividend by more than 14% when it announced the Q3 2018 earnings. Improved pricing and higher waste volume drove better-than-expected results for the quarter.

Management is targeting 8-10% revenue growth and additional margin expansion in 2019. The stock appears attractive at the current price of $99 per share, which is slightly off the 2018 high of $107.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis also has significant assets located in the United States. The last two major acquisitions occurred south of the border, and while takeovers have been instrumental in making Fortis a large player in the North American utility sector, organic investments are set to drive revenue and cash flow growth in the medium term.

The company has a $17.3 billion capital program under way that is expected to grow the rate base enough over the next five years to support annual dividend increases of at least 6%. Fortis has raised the payout for 45 straight years.

The stock took a bit of a hit through 2018 amid fears that rising interest could trigger an exodus out of dividend stocks. Bargain hunters swooped in later in the year and sent the share price back up, but Fortis still appears attractive.

As with Waste Connections, the business lines are not particularly sensitive to all the uncertainty facing global financial markets. Businesses and consumers in Canada and the United States still need to turn on the lights and heat their buildings.

At the time of writing, Fortis trades for $44 per share compared to the 12-month high around $47. The current dividend provides a yield of 4%.

The bottom line

Waste Connections and Fortis should be solid buy-and-hold picks for investors who want to own stocks that won't keep them up at night when the broader market is going through periods of volatility.

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Date
2025/07/06
Date Created
2019/01/07
Author
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