2 Stocks to Safeguard Your RRSP in a Low-Growth Economy

Description

Pollara Strategic Insights released its annual poll probing Canadians on their perceptions regarding the economy and their personal finances in late 2018. The online survey of 2,206 Canadians found that 56% of respondents felt as if the economy is in a recession. Only 32% of respondents believed that Canada's economy was growing. Poor stock market performance and a crisis for the oil patch in late 2018 likely contributed to these skewed perceptions.

Although perceptions were gloomier than the reality in late 2018, Canadians still have reason for concern in early 2019. The Bank of Canada expects growth to slow to 1.7% in 2019 compared to an original projection of 2.1%. The ongoing trade war between the United States and China also stands as a massive threat to global growth going forward.

In this environment, investors should be prepared for volatile market conditions. This is especially true for those looking to tweak their RRSP portfolios. Today we are going to look at two stocks that offer stability and income. These are the type of equities investors should be targeting early on.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge stock had climbed 11.3% in 2019 as of close on January 16. Shares were still down 4.5% year over year. Enbridge has been a steady performer, even as oil and gas prices suffered immensely in late 2018.

Enbridge is the largest energy infrastructure company in North America, but it faces some risks in 2019. The most pressing concern is the ongoing regulatory battle in Minnesota, which looked as if it was put to bed in 2018. The new governor of Michigan has also staked opposition to the line replacement. In the first nine months of 2018, Enbridge saw adjusted earnings grow to $3.4 billion compared to $1.9 billion in the prior year.

Even still, Enbridge is expected to raise its dividend by another 10% this year. The stock currently pays out a quarterly dividend of $0.671 per share, representing a 5.6% yield. Enbridge has achieved dividend growth for 23 consecutive years.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis stock had climbed 1.03% in 2019 as of close on January 16. Shares were up 9.8% over a three-month stretch. Fortis has been a steady income generator for decades and should always be at the top of the list for investors on the hunt for stability.

In 2018, Fortis upped its quarterly dividend to $0.45 per share. This represents a solid 3.7% yield. Fortis has achieved dividend growth for 45 consecutive years. The company has committed to a five-year capital-investment plan that is expected to be $17.3 billion into 2023. This will support an expansion of its consolidated rate base from $26.1 billion in 2018 to $35.5 billion in 2023. Fortis forecast a 6% annual dividend-growth target into 2023. Investors can expect the utility to be crowned a dividend king in the next decade.

Both stocks are attractive targets for RRSP investors. Enbridge and Fortis have both achieved over two decades of dividend growth and boast wide economic moats.

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