



3 Stocks to Cling to With Rate Hikes Put on Hold

Description

A **Toronto-Dominion Bank** Securities report recently forecast that the Bank of Canada would keep the benchmark rate on hold until late 2020. Stepping in line with many oddsmakers, the forecast suggests that a rate cut is the more likely move in 2019 due to soft economic data. Earlier this week I'd discussed how much pressure the [moderate credit crunch](#) was putting on consumers.

If this forecast turns out to be accurate, investors should be preparing for a static rate environment in 2019 and 2020. Here are three stocks to hold if the Bank of Canada maintains its dovish path.

Kirkland Lake Gold (TSX:KL)(NYSE:KL)

Kirkland Lake is a Toronto-based gold producer. Shares have surged 28.4% in 2019 as of close on March 14. The stock has soared over 120% year over year.

The spot prices of gold hovered around the \$1,300 mark in 2019 after surging to finish the previous year, but this should not discourage gold bulls. Previous rallies have been bad news for the yellow metal, but the dovish turn from the U.S. Federal Reserve has given it a nice floor. Recent Fed minutes show that officials are skeptical that any further rate hikes are required in 2019.

This is one of the main reasons I recommended that investors [stash gold](#) equities in their portfolio this year.

Hydro One ([TSX:H](#))

Hydro One is a utility based in Ontario. Shares of Hydro One have been static in 2019 so far. Shares are down 1.9% year over year. Hydro One had a positive fourth-quarter as adjusted earnings per share rose to \$0.30 over \$0.29 in Q4 2017.

When the Bank of Canada committed to its rate tightening path utilities stocks were some of the first to struggle. Rising bond yields meant that investors after income had alternative options. Utility stocks

had emerged as some of the most reliable income vehicles after 2009. Bond yields have taken a hit in March, and income investors should have renewed faith in utilities.

Hydro One boasts a monopoly in the largest Canadian province. It offers a quarterly dividend of \$0.23 per share, which represents a solid 4.5% yield. Hydro One and other major utilities will benefit from a dovish Bank of Canada going forward.

Silvercorp Metals ([TSX:SVM](#))(NYSE:SVM)

Silvercorp Metals is a Vancouver-based miner with producing mines and development projects in China. Silver has followed a similar trajectory to gold and will benefit from lower rates. Shares of Silvercorp have climbed 21.4% in 2019 as of close on March 14. The stock is up 6.4% year over year.

The company is set to release its fourth-quarter results in late March. In the third quarter 2018, Silvercorp sold roughly 1.7 million ounces of silver, which was up 13% from the prior year. The company has flourished in the face of soft prices since the short bull run in 2016. With precious metals gaining momentum at the end of this decade, investors should look to this cheap silver producer.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. TSX:SVM (Silvercorp Metals Inc.)

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