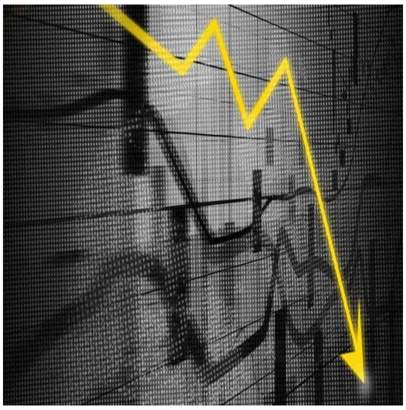

The Best Stocks to Buy if the Market Enters a Prolonged Correction

Description

It doesn't take much to end one of the best rallies of our times. That's what President Donald Trump's tweet on raising tariff on Chinese imports might have done to the market. North American markets plunged yesterday on concerns that the U.S. and China trade dispute will hit the global economy. Stocks haven't tanked like this since March. It could've been worse if the S&P500 didn't stage a late-session recovery.

The question for those who are sitting on the sidelines and who missed the earlier rally when stocks rebounded from the December low is, what are the best stocks to buy if the markets go through a deep correction and the U.S. and China fail to resolve their trade dispute?

For such investors, my advice will be to buy some recession-proof stocks that perform well in challenging market conditions. The best picks among them are the crucial infrastructure providers, such as power and gas utilities, telecom operators, and integrated energy companies. Here is one of the best stocks from this group to consider.

Brookfield Infrastructure Partners

The Toronto-based **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP) is a great recession-proof stock to buy. Brookfield owns and operates utilities, transport, energy, and communications infrastructure companies globally.

Its portfolio includes utilities and power transmission systems in North and South America; 37 ports in North America, the U.K, Australia, and Europe; approximately 3,800 kilometres of toll roads in South America and India; and large rail operations in Australia and South America.

That vast number of global assets give Brookfield a unique advantage in an economy that is under pressure. Brookfield acquires high-quality businesses on a value basis, efficiently manages their operations, and opportunistically sell assets to reinvest capital into the business.

When you look at numbers, there is no doubt that the company has been successfully executing its plan. Since 2008, it has delivered compounded annual total returns of 15%. During the past five years, Brookfield stock has massively outperformed the benchmark S&P/TSX Composite Index by rising about 90%, including dividends, when the index expanded just 13%.

Trading at $55.65 and with an annual dividend yield of 4.9%, Brookfield offers investors an attractive combination of earnings growth, dividend growth, and a high dividend while trading at a reasonable valuation. I will recommend buying this stock if the market sell-off accelerates and its stock price become more attractive.

Bottom line

Brookfield is just an example to show what kind of stocks perform better in a bad market. You can do your homework and create a list of potential candidates from the income-producing segment of the market that you could target when the market takes a deep dive and their values become attractive.

CATEGORY

1. Dividend Stocks
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Date

2025/07/03
Date Created
2019/05/08
Author
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