3 TSX Index Stocks to Buy Ahead of the Next Market Crash

Description

It’s almost fall, and bear market worries are already in the air.

Last week, a **JP Morgan** analyst released a report telling investors to expect a “sharp selloff” in the coming quarter. Driven by downward revisions in corporate earnings estimates, the analyst said that the correction could actually begin as early as this summer.

Whether you believe in the “October Effect” or not, it’s clear that investors tend to get antsy in the fall. Last year, those anxieties proved to be well founded, as the TSX fell about 15% from October to December before recovering this year.

Ultimately, nobody can predict when the next correction or bear market will occur. But with stocks having been strong for the better part of a decade, the next “big one” could be coming soon. If you’re worried about an upcoming correction, the following are three “ultra-safe” stocks to buy ahead of it.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is an ultra-stable utility company that has a long history of surviving bear markets without a scratch. Utilities do well in recessions because they provide an essential service and their business is somewhat government protected.

During last year’s correction, when most of the TSX was tanking, Fortis shares rose about 9%. This reflects the defensive nature of utility stocks, and how investors flock to them when times are bad. Not only that, but Fortis has a relatively high (3.45%) dividend yield and an uninterrupted 45-year track record of raising its dividend. It’s probably one of the most correction-proof stocks on the TSX.

Algonquin Power & Utilities

If you’re looking for another quality utility stock to weather an upcoming storm, **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) may be a solid bet. Providing power to 700,000 customers in the States

, it's a great way to get some U.S. exposure.

Algonquin is not *quite* as ultra-safe as FTS, with a 0.35 beta coefficient to Fortis's 0.04, but it should be mentioned that both of these are *extremely* low-beta stocks. In terms of historical returns, Algonquin has done better than Fortis, rising 101% over the past five years to Fortis's 55%. It also has Fortis beaten on dividend income potential, with a 4.45% yield as of this writing.

Molson-Coors Brewing

If you think we're heading for not just a correction but an all-out recession, **Molson-Coors Brewing** (TSX:TPX.B)(NYSE:TAP) may be just the play for you. Although the company has been struggling lately, with net income trending down over the past four years, it may benefit from an economic downturn. Studies show that "vice" industries (like booze and tobacco) tend to prosper during recessions, as people seek outlets to drown their sorrows. It may not be the most ethical investing idea ever, but it's one that could provide some safety in the midst of an economic downturn.

Molson-Coors Brewing shares pay a dividend, which yields 3.11% at current prices. The company has been increasing its payout by 4.5% CAGR over the past five years.

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