
# 3 Stocks to Own Should Interest Rates Tank in 2020

## Description

Fears of an impending global recession have central banks around the world cutting their interest rates in an effort to support their economies.

The United States recently cut its target rate by 25 basis points. The move was the first reduction in a decade and represents a complete reversal from what most pundits anticipated for 2019.



Stock markets are entering a period of volatility and pressure from the ongoing trade dispute between the U.S. and China could force the Federal Reserve to cut rates a number of times in 2020.

At home, the Bank of Canada would prefer to hold rates steady, or even bump them up a notch, but another cut from American central bank would likely force Canada to follow suit.

With the potential for a series of cuts on the horizon, investors are looking for ways to position their portfolios to benefit from falling rates.

Let's take a look at three stocks that might be attractive picks today.

# BCE

**BCE** (TSX:BCE)(NYSE:BCE) is Canada's leading communications company with world-class wireless and wireline networks providing mobile, internet, and TV services across the country.

The company also owns a media division that holds sports teams, a television network, radio stations, and specialty channels.

Low interest rates make debt cheaper for the company. They also reduce the return that income investors can get from alternative investments, such as GICs.

As a result, BCE should have more cash to hand out to investors due to lower borrowing costs. At the same time, the stock attracts more investors who are seeking out high yield that is safe. BCE's dividend provides a yield of 5.1%.

The Q2 results showed the company is generating strong free cash flow and that should support ongoing dividend increases in line with the 5% hike investors received for 2019.

## Detour Gold

**Detour Gold** (TSX:DGC) is a Canadian gold miner with a single mine located in Canada. The company ran into some ramp-up challenges in recent years on the opening of its large facility, but the resource is attractive and the fact that it is in Canada makes it appealing for investors and possible suitors.

The price of gold is enjoying a rally as fund managers seek out safe-haven assets. Falling interest rates and declining government bond yields also boost the yellow metal’s appeal.

Zero yield from gold looks good when compared to the negative yield currently available on 25% of the world’s government bonds.

The stock price of Detour Gold is already up 100% in 2019, but more gains should be on the way if gold continues its rally through 2020.



## Fortis

Fortis (TSX:FTS)(NYSE:FTS) operates regulated utility assets such as power generation, electricity transmission, and natural gas distribution in Canada, the United States, and the Caribbean.

The company’s revenue stream is reliable and predictable, which makes it a top pick among dividend investors. As interest rates fall, Fortis benefits from lower borrowing costs for its capital programs.

Fortis is a low beta stock, which means the price tends to hold up well when the broader market is volatile. Conservative investors who are seeking safe yield that is above fixed-income options will likely buy the stock in a low-rate environment.

Fortis has raised its dividend for 45 straight years. The current yield is 3.3%.

## The bottom line

BCE and Fortis are conservative bets that deliver attractive and reliable yield. The stocks should hold their value, or even climb, as interest rates decline.

Detour Gold is a more aggressive pick. The price of gold could be in the early stages of a long-term rally, and Detour has strong upside torque on higher gold prices. A takeover bid could also arise, as consolidation is expected to continue in the gold sector.

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