1 Stock to Hold As Recession and Risk Dominate Headlines

Description

With so much uncertainty in the markets and the potential for a harsh widespread correction on the way, should investors be stripping out risk and shovelling funds into traditional safe-haven assets?

There are indications that investors are already doing just that, with last week's cannabis massacre coinciding with some improvements in the areas of commodities, banking, and energy production.

How likely is a recession right now?

Analysts are still split as to whether Canada is facing its own recession or just a bout of weak growth over the coming months. While the risks to the global economy are many, pundits have been pointing out that Canada is currently enjoying low unemployment, higher wages, lowering mortgage rates and a stimulated housing market.

However, whether these positive factors would be enough to offset a serious decline in the world markets is another question entirely.

To take a macroeconomic point of view, there's certainly an unusual amount of uncertainty facing the international markets right now. The ongoing trade war between the U.S. and China continues to dominate the headlines, as does the tremendous uncertainty facing Britain and the E.U. – a bloc that was already dealing with its own economic woes brought on largely by the last financial crisis – and let's not forget which continent that came from.

Throw in a curve ball like a Middle East conflict or a worsening situation in Hong Kong, and the prospect of a global recession isn't unfeasible. The upcoming global forecast from the IMF could be a watershed moment in itself, either spooking investors and causing a sell-off or offsetting the fear threatening the markets depending on the outlook. Another situation investors should be monitoring are the trade talks between the U.S. and China and ongoing Brexit negotiations.

So which stocks should you carry on holding?

Dividend aristocrats such as **Fortis** (TSX:FTS)(NYSE:FTS) are a solid play right now. Backing up the truck on quality, low-maintenance stocks in the energy sector is probably the safest play for portfolio-holders who aren't sure what to do but still want to continue investing.

Indeed, some investors concerned about the global economy may even be considering not only ditching high-risk assets, but getting out of stocks altogether.

Fortis offers a way out of this cycle of fear, giving investors a low-risk play in a historically stable and rewarding space. What's more, Fortis is forward-looking, meaning that it's a safe stock for long-term buy-and-hold investors.

By investing in grid modernization, renewables, and updating its transmission infrastructure, Fortis shows that it has longevity in mind, while its LNG deal with China adds diversification in foreign growth markets.

The bottom line

Given the sheer amount of stressors gathering on the horizon, Canadian investors may be thinking of ditching their stocks altogether and sitting out the next few quarters.

However, it's not enough to simply save money, as an investor who doesn't hold stocks is essentially robbing themselves of considerable returns. Fortis offers a way to stay safe and still bring in passive income while accruing some assured capital appreciation.

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2025/09/22
Date Created
2019/10/14
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