



Bear Market Alert: 2 Dividend Stocks to Protect You

Description

The past several months were riddled with discussion about the possibility of a recession. More recently, the discussion of the recession is now of its inevitability. At the time of writing, the discussions have now become about preparing for one, as it could be very close indeed.

Many prominent investors are retreating from the stock market into safer alternatives after cutting their losses. The **TSX Composite Index** has become very weak after setting a new all-time high on September 23, 2019.

Falling practically every day since that date, October 1, 2019, saw a particularly rough day. The top stock benchmark in Canada fell by 1.3%, or 210 points.

I don't expect stocks to get back to their all-time highs soon. The global economy is slowing down, and the U.S. markets are witnessing a similar situation right now. The Institute for Supply Management told investors in the U.S. that the country saw the second consecutive month of contraction as manufacturing activity fell to their 10-year lows.

If you also understand that a recession is imminent, this is the time to position your portfolio to face the oncoming bear market. **Telus Corporation** ([TSX:T](#)) and **Pembina Pipeline Corp** ([TSX:PPL](#))([NYSE:PBA](#)) are two defensive stocks that can protect your money through the harsh economic times immediately ahead of us.

Telus Corp

Much more than an ordinary telecom company, Telus is a company I would consider one of the top blue-chip stocks on the TSX. There was a broad sell-off in the telecom sector as investors prepare for a recession, causing several significant stocks in the industry to decline. At the current price of \$47.25 per share at writing, Telus is down 6.65% from substantial highs in the summer.

Telus is not exactly in the green right now, but the stock is still up 5.50% from the year-to-date value. The company offers a lucrative 4.48% dividend yield to investors and is one of the few shares not

persistently on the decline right now.

Telus is not the strongest in terms of being a growth stock. Still, the company offers one of the most [stable dividends](#) on the TSX. With increasing competition in the telecom industry, continuous dividend growth is possible despite the incoming bear market.

Another reason why you might prefer Telus more is that the stock has already corrected over the past several months. The correction means there is less chance that Telus will correlate to what we can expect from the broader market in the next month.

Pembina Pipeline

Over the past decade, Pembina Pipeline has returned a remarkable 330% for investors after the inclusion of dividends. The midstream services provider in the energy sector is one of the best performers in the industry, as demand for energy transportation, storage, and processing infrastructure remain healthy for Pembina.

The company's importance, even during times of recession, gives Pembina an excellent chance of facing the bear market. Long-term storage of pipeline exit capacity in the country also means a lot of pent-up demand for infrastructure. I have not even started to discuss all the numbers, and Pembina looks suitable for a bear market.

Shares of Pembina are trading at \$47.05 a share at writing. Down 4.76% from September 20, 2019, due to the broader market sell-off, Pembina is in a good position for investors to buy as they prepare for an incoming recession. Pembina has \$5.5 billion of projects underway right now, which the company expects to come into service mid-2023.

With a juicy 5% dividend yield, [solid growth prospects](#) for the long run, and strong defensive characteristics, Pembina looks like a potentially ideal opportunity for investors preparing to face a bear market.

Foolish takeaway

In anticipation of a recession, plenty of investors are cashing out and running from the stock market in favour of seemingly safer alternatives. This fool believes that the best chance to face the recession is by diversifying your portfolio to include healthy and defensive stocks. Telus and Pembina represent the best of the Telecom and Energy sector to that end, in my opinion.

Based on the numbers, these two stocks are racking up, and the prospects both the companies have for the coming months, I feel that you should seriously consider both of the stocks carefully for your portfolio.

CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:TU (TELUS)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:T (TELUS)

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