Fortis (TSX:FTS) Stock Was Brilliant in the 2008 Bear Market

Description

Are you worried about a recession that can potentially make the market crash soon? You are not the only one.

So far, 2019 is proving to be a year riddled with speculation about an upcoming bear market. The financial media is frenzied with recession talk. Between the slowdown of manufacturing activity and China's trade war with the U.S., there are a lot of worrying signs pointing towards a seemingly inevitable recession.

The National Association of Business Economics conducted a survey that found that 70% of economists agree that we can expect a recession by the end of 2021. While I do not know how the situation will play out or the timeline, I feel inclined to agree. Economist predictions are not correct every time, but such a large number of them reaching consensus should be taken seriously.

If such a recession happens, the stock market will be most likely to tank. The pessimistic outlook of the masses and lower earnings can cause a significant slowdown in global markets. The TSX is not immune to the effects of a crash in the global markets, as we saw in 2008. Should you start panicking? No. There are ways to protect your savings from the recession.

Buy stocks from the utility sector

One of the most critical aspects of "recession proofing" your portfolio is to capitalize on utility stocks. The shares from this sector are generally riskier than options like short-term bonds. Still, in times of recession, utility stocks are a safe option. No matter how bad things get due to a recession, people need to have their gas and electricity on.

Utilities sell heat and light, two necessities people need. When people are cutting their expenditures, utilities is something they cannot eliminate, even in the worst of times. Their necessity enables utility stocks to fare far better during recessions. Utility companies like **Fortis** (TSX:FTS)(NYSE:FTS) are safe and provide reliable dividends.

Fortis grew earnings by 26% for the full year by the end of 2008. 2009 was one of the worst phases after the last recession hit. By the end of that year, Fortis still managed to see an increase in earnings by 17%. Imagine how recession-proof a company has to be to report earnings growth in the worst two years of the recession.

Fortis is one of the companies that defined the long-term reliability of utility company stocks. Of course, this does not mean that Fortis was completely fortified from the effects on the overall market. The share prices for Fortis fell during the recession, much like the stocks across the board. But since the earnings for the company grew, the dividends were never in danger.

Investors who had a stake in Fortis during the previous recession saw dividend increases in both 2008 and 2009. If you bought Fortis shares during the last recession, you could have picked up the stocks at a discount for fantastic returns on your investment just on share price alone. Add the dividend increase; you might be very wealthy right now.

Foolish takeaway

Fortis shares are worth $56.22 apiece at the time of writing, translating to a 25.98% increase from the stock price year to date. The current share price is also a massive increase of over 120% from $24.89 in September 2009. As you can see, the overall market is looking quite shaky, but Fortis stocks seem to be doing very good right now.

I strongly feel that you should consider investing in Fortis stocks. The utility company might help you make your portfolio recession-proof.

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