Safety in Utilities: 3 Dividend Stocks to Buy if Stock Market Panic Selling Continues!

Description

March is shaping up to be a volatile month for global markets. As coronavirus fears sweep the globe and more and more countries issue travel warnings, the odds of a genuine economic impact increase.

Already, it's likely that air travel and tourism will take a hit in the current quarter. Further, companies that do a lot of manufacturing in China will be affected, as evidenced by the revenue warning **Apple** issued last month.

In times like these, it can seem like almost nothing is worth owning. However, before you go all-cash in your RRSP or Tax-Free Savings Account (TFSA), there's one option worth considering: utility stocks.

While they might not be the flashiest equities in the world, they have a fighting chance of making it through this correction unscathed. With little reliance on imports and recession-ready revenue streams, they're among the best stocks for today's market conditions. With that in mind, here are three dividend-paying utility stocks to consider for protection against a bear market.

Fortis

Fortis Inc (TSX:FTS)(NYSE:FTS) is easily one of Canada's best long-term recession beating stocks. Over the past 46 years–a period that has seen many recessions–it has raised its dividend every single year. From September 12th 2008 to March 7, 2009, its stock fell just 11.1% to the Dow Jones Industrial Average of 36%.

During that period, Fortis also grew its earnings for two years in a row–a period in which most publicly traded companies lost money and slashed dividends. Similar to all utilities, Fortis benefits from an indispensable service that customers won't cut out of their budgets even in the worst times.

In that respect it's not unique. It stands out from the crowd, however, thanks to its historical outperformance and legendary dividend growth streak.

Algonquin Power & Utilities

Algonquin Power & Utilities Corp (TSX:AQN)(NYSE:AQN) is another solid utility stock that's been outperforming over the past two weeks. Similar to Fortis, the simple fact that it's a utility partially explains its success in this correction. As well, like Fortis, it has factors that make it better than the average utility.

In Algonquin's case, those factors include a huge emphasis on renewable energy–which should help it in the event of new climate change regulations–and its relatively small size, giving it more room to grow than a large player like Fortis.

Emera

Emera Inc (TSX:EMA) is a solid utility stock that yields 4.08% at current prices. In terms of its business model, it's fairly similar to Fortis, owning mostly regulated utilities in Canada, the U.S., and the Caribbean. Also similar to Fortis, it has delivered solid returns to shareholders over the last five years, handily beating the **TSX**.

In 2019, the company swung a miss, with earnings down significantly from 2018. However, a big part of the earnings decline was a hit from Hurricane Dorian, a non-recurring factor that the company should be able to walk off over the next year.

Overall, I'm less enthusiastic about this stock than Fortis or Algonquin, but it has the highest yield of the three, so it's one for income investors to consider.

CATEGORY

1. Dividend Stocks
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2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:EMA (Emera Incorporated)
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andrewbutton