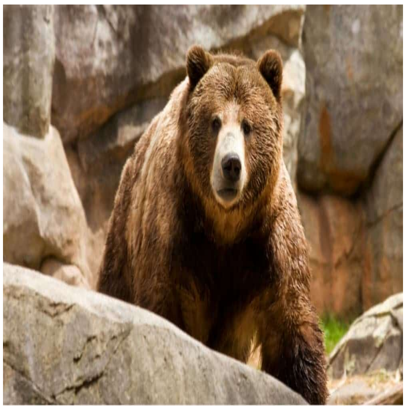

Bear Market Stocks to Buy Right Now

Description

It appears as if we're in a full-blown bear market. The coronavirus correction has created some of the most volatile trading days in market history. The oil crisis has deepened the blow. As a major fossil fuel producer, Canada is particularly vulnerable. The loonie recently hit a multi-year low.

But not all investments suffer during a downturn. Bear market stocks can insulate your portfolio from losses *without* sacrificing long-term upside. These companies can also generate sizable dividends that can supplement your income or provide fresh cash to buy low-priced stocks.

Two of the best bear market stocks are headquartered in Canada. Their advantages are literally built into their business models.

Buy bear market stocks like these

Looking for recession-proof stocks? Check out regulated utilities.

Utilities provide communities with mission-critical services like water, natural gas, and electricity. Without utilities, people wouldn't be able to heat their homes, run their refrigerators, or have access to water. It's not surprising that utility demand doesn't waver much, even if a severe recession hits.

But it gets even better. Utilities are separated into unregulated and rate-regulated businesses.

Unregulated utilities sell their services onto the open market, so pricing fluctuates on a day-to-day basis. If demand surges or competition falters, pricing can go way up. But if demand dips or competition intensifies, pricing can fall off a cliff. Unregulated utilities have high upside but dangerous downside.

Rate-regulated markets enjoy pre-set pricing that is guaranteed by government regulators. No matter where demand goes, pricing remains the same. These prices are often set years in advance, so the utility has extreme visibility into its cash flow generation.

Many utility stocks aren’t strictly rate-regulated, but they sell their power generation on long-term contracts, often spanning decades in length. In everything but name, these companies operate like their rate-regulated peers.

Bargains are everywhere

The best bear market stocks are rate-regulated utilities and utilities that have long-term contracted revenue sources. Two companies meet these criteria.

Algonquin Power & Utilities is a $9.4 billion company that has seen shares rise by 440% over the last decade. This year, shares are down 5% versus a 29% decline for the **S&P/TSX Composite Index**. Roughly 60% of revenues come from fully regulated sources. The other 40% stem from its renewable portfolio, which is contracted out decades in advance.

All of this results in an incredibly stable business model. Algonquin shares haven’t had a down year for 10 consecutive years. The stock delivers a rock-solid 4.3% dividend and will have no trouble investing for long-term growth throughout the downturn.

As its name suggests, **Brookfield Renewable Partners** focuses on renewable energy projects. Since 2006, shares have returned 220% versus a meager gain of 15% for the S&P/TSX Composite Index. The company operates hydro, wind, and solar facilities throughout the globe. Many of its projects have 100% contracted cash flows, fueling a reliable 5.4% dividend.

This is one of the strongest bear market stocks because it can grow stronger during a downturn. Brookfield runs an active portfolio, meaning it can monetize assets when prices are high and buy when prices are low.

Before the coronavirus correction began, Brookfield sold $1 billion in mature assets for big gains. It can now redeploy that money into growth projects with fire-sale prices.

The bear market has created many buying opportunities. These bear market stocks can help you protect capital while providing long-term growth.

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rvanzo