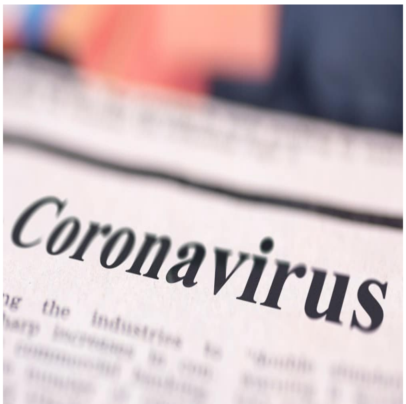

2 No-Brainer Coronavirus Bear Market Buys

Description

Heading into April, the coronavirus bear market shows no signs of abating. With stocks sliding yet again on Monday, investors are still worried. For investors in certain sectors, the fear is justified. Airlines, hotels and resorts are going to see revenue tank this quarter as forced closures strip them of revenue.

At the same time, many businesses are perfectly positioned to thrive in the current environment. Businesses that provide essential services will not have to close down due to coronavirus. In fact, some of them–like grocery stores and dollar stores–may even see increased sales.

We'll have to wait until April to see whether those businesses will get a sales boost. In the meantime, the following two stocks should make it through the present crisis unscathed.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is Canada's largest railroad company. Shipping $250 billion worth of goods every year, it's a true cornerstone of the economy.

Before I go any further, I should make one thing clear: CN Rail's earnings for the present quarter likely *won't* be good. Hit by rail blockades earlier in the year, it closed down service for many areas of the country. For this reason, its next earnings release will likely disappoint.

However, the *reason* CN's earnings will disappoint has nothing to do with coronavirus. The rail blockades that hurt CN's business have long since ended. Since then, the company has been posting surprisingly good weekly metrics.

For example, the week before last, the company saw its RTMs increase 5% over the same week a year before. This makes perfect sense. The goods shipped by rail–grain, timber, coal–aren't less in demand because of coronavirus.

Ultimately, many of these items supply grocery stores, among the few businesses allowed to remain open. So while CN's Q1 earnings will disappoint, the company should outperform if coronavirus closures continue into Q2.

Fortis

Fortis Inc (TSX:FTS)(NYSE:FTS) would have to be one of the most obvious bear market buys you can make. Like all utilities, it enjoys the typical recession-proof features you'd expect from the industry: stable revenues, low income elasticity of demand, and high barriers to entry.

However, Fortis has some features that other utilities don't have. First, it's highly geographically diversified, with assets in Canada, the U.S. and the Caribbean. Second, it has one of the longest dividend growth streaks on the **TSX**, with a stunning 46 years of increases.

Third, it's fairly growth-oriented for a utility and management is planning on investing $18.3 billion in new projects over five years. Finally, its U.S. assets give it a favourable currency impact from a falling Canadian dollar.

These features and others make Fortis one of the most dependable utility stocks trading on the TSX. It's worth considering in any market, but absolutely indispensable in a bear market like this one.

CATEGORY

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andrewbutton