Safe Stocks and Easy Tips for Canadians Buying in a Market Crash

Description

Safe stocks come in a variety of forms, from the low-risk play of regulated utilities to the classic safe-haven of gold. The TSX has some great names across the full gamut of these reassuring industries. The coronavirus market crash has helped identify which of these is the most solid.

These sectors are sheltering some safe stocks

Insurance investors have been flocking to **Power Corporation of Canada**. It's a diversified play for reduced exposure to a swath of blue-chip names in the financial sector. The stock rallied 13% Tuesday, as the markets breathed a sigh of relief mid-market crash. The company is paying a massive 10% dividend yield. **Manulife** is another strong play for insurance exposure and pays an 8.6% yield.

Food retail has seen two solid players in **Loblaw** and **Alimentation Couche-Tard** this week. Both stocks pay small dividends, with Loblaw being the better yield at 2%. However, it's their value as consumer staples names that makes them such a strong buy for coronavirus market resilience.

More tailwinds exist for food retail, though, with a hidden factor being the current period of lower oil. It's a rare positive right now, and one that supports a consumer staples play for safe stocks. In essence, lower oil, while punishing the energy sector, puts money into consumers' pockets. Theoretically, households get the equivalent of a tax break when oil prices dip.

In an ordinary market, this means that the average North American has more money to spend. Households paying less for gas technically have more money to pay for food and other consumer staples. The quarantine effect on food retailers should also remain solid as long the situation lasts. But the effect could be longer lasting than that, with an entire generation now likely to overbuy out of habit.

How to manage your portfolio for market crash safety

Diversification is key right now. But investors need to be canny. For instance, that ultimate index, the TSX itself, is ultra-diversified. But it's being outperformed by certain names. It can be dangerous to

chase a name to the top — we all know where that can lead. However, looking for green ink among a sea of red showed us last week where strength lies. Diversify across those names and mix your sectors
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Don't back up the truck, though. Conversely, don't ditch all your shares just because they fall below 8%. The 8% rule is meant for times of normalcy, not a market crash. But if you buy slowly, trim gently and think long term, that market will recover. And if your portfolio is in order, you could be the richer for it.

The bottom line

It's not all doom and gloom. After all, there hasn't been a ground level like this since 1987. Opportunities abound for wary investors who have been sitting on their hands. There are safe stocks out there to hold for five years, 10 years, even forever. It's an opportunity to reset the clock on stocks. New investors have a chance to own quality names at prices not seen in a generation.

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