Coronavirus Cases Are Rising Again: How to Protect Your Portfolio

Description

This week, we've started to see a major uptick in coronavirus cases among several American states. This is crucial, as the numbers seem to be skyrocketing. The last time cases were growing at rates this fast, numerous economic shutdowns were put in place.

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I'm not saying that's going to happen again, at least not yet. However, this is definitely a major development to keep an eye on.

These rising case counts are about the only thing that has managed to slow this rapid market rally. So, it looks as though the market is taking this seriously. This tells me another market crash isn't out of the question, especially if cases continue to rise.

The rising coronavirus cases right now are a little peculiar. Firstly, some states, such as New York, are still just emerging from this crisis. Meanwhile, others have been open for over a month.

And while I understand the need to open up economies as quickly as possible, we are starting to see why rushing to reopen could have devastating economic effects.

So far, we haven't seen a major resurgence yet in any Canadian provinces. However, that doesn't mean we're immune from rising cases.

Why rising coronavirus cases matter

Following the developments with regard to coronavirus is crucial because of the economic impact. Even if a second peak isn't so bad in Canada, if the U.S economy suffers badly, we will too.

Investors should be focused on building their portfolios for the upcoming market turmoil. This means owning low-volatility stocks that can withstand market downturns.

It also means businesses with robust operations, that can continue to operate through a lengthy recession.

Here are two top **TSX** stocks to consider adding to your portfolio.

A TSX energy stock that can survive coronavirus

Enbridge (TSX:ENB)(NYSE:ENB) isn't a traditional defensive business. The company owns energy infrastructure assets across North America, making it a major player in the North American economy.

Despite it not being a traditionally defensive business, its high-quality operations, diversified business, and significant competitive advantages make Enbridge an extremely reliable company.

The company is so robust and flexible that management has even reiterated its guidance for distributable cash flow this year. This shows that Enbridge can weather whatever impacts it sees from coronavirus.

So, investors can buy this large blue-chip stock knowing it's stabilizing your portfolio and paying you a dividend. That dividend yields roughly 7.8% — an incredible amount for such a high-quality business.

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Furthermore, the stock is considerably undervalued, making it a great long-term investment. On top of insulating your portfolio ahead of tougher economic times, you're also gaining exposure to a high-quality dividend-growth stock.

A TSX utility stock to add portfolio stability

Another option for investors to consider is a utility stock like **Emera** (TSX:EMA). The coronavirus pandemic has affected a lot of industries. However, as is the case in normal recessions, utilities are seeing almost no impact on their businesses.

Emera is one of the best utility stocks on the TSX. The company has assets all over North America, including Canada, the United States, and the Caribbean.

The majority of Emera's business is tied to electric utilities. However, the company also owns a fair amount of gas utilities and infrastructure. This geographic diversification, as well as diversification in utility assets, is key in helping to lower whatever risk there is.

The stock won't be completely immune from the coronavirus. However, with more than $3 billion in liquidity and services with highly inelastic demand, there is not much for investors to worry about.

This includes its attractive dividend, which currently yields roughly 4.6%. The dividend is highly stable, meaning you can continuously count on that passive-income stream coming from this high-quality dividend stock.

Bottom line

Whether or not the market crashes again soon from the coronavirus remains to be seen. What we do know is that risk and uncertainty are extremely high. So, make sure your portfolio is rid of any high-risk stocks and buy these defensive businesses to help protect your money.

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