



## 3 Top Utility Stocks to Buy Now

### Description

I'm writing about three top utility stocks to buy today, because we still need to play defence. The coronavirus pandemic has hit the Canadian economy hard. It is a health crisis and it is also an economic crisis. But if we look at the performance of the S&P/TSX Composite Index, we would think everything is going pretty well.

I would like to believe that. But evidence suggests otherwise. We are experiencing quickly rising unemployment rates, with the economy set to shrink significantly. People remain cautious. We are cautious to go out and hesitant to spend money. The government is spending feverishly to lessen the impact of this crisis. This spending has been necessary, of course, but who will pay in the long run?

[Wealth continues to be destroyed, and the effects of the coronavirus will linger on.](#) So, why is the TSX Index trading only 14% lower than pre-coronavirus shutdowns? It seems like there is a disconnect, as investors attempt to brush this off or deny what's coming.

So, I recommend remaining defensive. Here are three top utility stocks to buy now to protect your money.

### Enbridge: This utility stock is on sale and yielding 7.9%

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is yielding 7.9% today, and this stock remains a screaming buy. This defensive stock has a bright future supplying Canada's energy. Long-term energy demand remains intact, and Enbridge stock will benefit from its leading position.

Enbridge stock will benefit from the stability and reliability of the company's business. Enbridge has minimal commodity price exposure and a big chunk of its revenue comes from refiners and integrated producers. All of this spells stability.

Investors are leery of everything oil and gas. But the fact is that Enbridge remains a [predictable, low-risk business](#). Enbridge recently reiterated guidance for distributable cash flow per share of \$4.50 to \$4.80 in 2020.

## Fortis: A utility stock yielding 3.74%

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is another utility stock to buy to protect your money. Its current dividend yield is 3.74% — a yield that reflects the visibility of this high-quality utility.

Fortis is a North American leader in the regulated gas and electric utility industry. A significant portion of its revenue is regulated or from residential homes (82%). Fortis's residential business is seeing an increase and partially offsetting the reduction in demand from businesses. Because of this, Fortis's business has remained healthy throughout the pandemic. Therefore, Fortis stock can be expected to outperform.

With 46 years of consecutive dividend increases, Fortis really has an enviable track record. This utility stock is a highly attractive option for investors looking for protection.

## AltaGas: An increasingly defensive utility stock yielding 6.14%

**AltaGas** ([TSX:ALA](#)) is currently yielding 6.14%. The company embarked on a transformation in the last two years. AltaGas has emerged a pretty defensive company. It has transformed itself into a mostly utilities company. Today, 60% of its EBITDA comes from its utilities segment.

But AltaGas stock also has upside due to the company's growth prospects. The midstream business is located in Western Canada. It includes processing and export facilities. These assets are located in some of the fastest-growing markets in North America, such as the Montney and Marcellus/Utica basins. This is the growth area.

AltaGas stock is a defensive stock to buy, as the company continues to benefit from its transformation.

## Foolish bottom line

The three utility stocks that I discussed in this article are all poised to do well, despite the pandemic. Fortis stock is the most defensive. Enbridge stock and AltaGas stock are less defensive but have more upside.

These are companies that are supplying energy to keep Canada going. These companies are essential businesses, powering the country. They will continue to be resilient to the economic turmoil that is happening all around.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)

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