TSX Stocks: 3 Top Industries to Invest in During Coronavirus

Description

As we move into seven months since the coronavirus pandemic hit us, it's clear that the economy and way we live will stay here for a while. A lot of **TSX** stocks have rebounded. However, this is based on the expectations that the economy will continue to recover over the second half of this year and into next.

While I don't' disagree that this may be a possibility, investors have to be careful they don't overleverage themselves to TSX stocks that may disappoint in their recovery.

This would almost certainly set the stocks back until it was clear that the economy was emerging from the pandemic.

In order to build up a more resilient portfolio, investors should complement these high-risk, high-reward stocks with ones you know can perform through the pandemic.

Here are three top industries where you can count on the TSX stocks for resilience and safety.

TSX utility stocks

Utility stocks are always one of the top industries for resilient operations, and the best of the best is **Fortis Inc** (TSX:FTS)(NYSE:FTS).

In addition to having extremely defensive revenues due to the essential services utilities offer, the revenue is also regulated. Not to mention Fortis operates in several different jurisdictions helping to lower risks even more.

Utility stocks are often referred to as a bond proxy, as they can be a substitution to fixed income products. So it's likely these stocks will continue to be favourable in a low rate environment.

That means Fortis' dividend is essentially safe. And with a stock of this quality, you can expect strong execution and growth of the dividend for years.

As a matter of fact, Fortis has increased its dividend for 47 consecutive years. And with its five-year capital plan, investing nearly $20 billion, you can expect to see considerable growth from the dividend over the next few years.

That dividend yields 3.6% today, an attractive rate for such a safe yield with considerable growth potential.

Consumer staples stocks

Besides utilities, the next best defensive industry to invest in is consumer staples. One of the top consumer staple stocks on the TSX is **Loblaw Companies Ltd.** (TSX:L).

Since the start of the pandemic, some of the safest stocks to be invested in have been consumer staples like Loblaw. Regardless of the economic conditions, consumers need their household essentials, so Loblaw investors can generally expect to see consistent revenue.

And during the pandemic, the trend among consumers has been to have fewer trips and larger basket sizes per trip. This has directly resulted in a rapid increase in revenues.

The stock, however, has been relatively flat for the last few months as investors have been bidding up higher growth stocks looking to take advantage of economies reopening.

This presents an excellent opportunity to buy Loblaw while it remains undervalued, as the stock is almost sure to get bid up again once the recession hits.

Blue-chip TSX stocks

Lastly, another stock you could always consider is a massive blue-chip stock like **Canadian National Rail** (TSX:CNR)(NYSE:CNI). Massive blue-chip stocks almost always make great defensive investments.

CNR is an excellent stock because it's one you can own forever. Railroads are at the heart of the economy, and the operations are extremely stable. The company may see impacts every now and then in the short-term, but over the long-term, it grows with the economy.

This is why owning a top railroad stock like CNR long term can be so advantageous. It's also why a stock like CNR is much less volatile. That lower volatility is important as it can play a key role in helping your portfolio to stay more robust.

The stock is up roughly 10% from February 20, the day before the start of the coronavirus crash. This is unsurprising when you consider that investors want high-quality businesses in this environment, and a top TSX stock like CNR always trades with a premium.

Bottom line

In environments like these, sometimes it's worth it to give up some exposure to growth in your portfolio to get more exposure to defence. This way, your portfolio will have more overall resiliency, and you'll be protected from the strong potential of prolonged recession.

CATEGORY

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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:FTS (Fortis Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:FTS (Fortis Inc.)
5. TSX:L (Loblaw Companies Limited)

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