



2 TSX Stocks to Protect Your Hard-Earned Money

Description

Last week, after months of strong gains from many **TSX** stocks, we saw volatility return to markets. Whether or not this is just a short-term blip or a longer trend is impossible to tell.

These days, however, in this economic environment, you never know. It's a good reminder that in an economy that's still suffering greatly, markets can crash again with little warning.

The market is extremely vulnerable to a sell-off at the moment, as we navigate a pandemic. Some stocks trade at or near all-time highs.

If you don't already have resilient stocks protecting your hard-earned money, this may be a good time to buy them. It also may be a good time to sell some of your higher-risk stocks if you have a lot of exposure to these high-beta securities.

Whatever you decide to do, make sure you think of the long term first and remember the most important rule in investing: don't lose money.

Here are two top TSX stocks to help protect your hard-earned money.

TSX utility stock

I've mentioned before how great utility stocks can be, especially as the economy is on the brink of a recession.

Recessions happen when the economy is contracting, which is almost always a function of negative growth in consumption.

When consumers stop spending, it impacts businesses, which causes higher unemployment and a cycle of lower economic output until the economy can sort itself out.

Because businesses will see impacts on revenue, it can impact their ability to earn a profit, pay a

dividend, or both. This is precisely why utilities are some of the best companies to invest in if you think there might be a recession.

Hydro One, for example, is engaged in the transmission and distribution of electricity. Whether or not there is a recession, the electricity demand is going to stay relatively flat.

A defensive industry like that sees very little impact on sales during a recession, which makes the stocks much safer. Investors know this, which is why utility stocks are not volatile and can hold up better in a [market crash](#).

In addition, the dividend is a lot safer. So, on top of protecting your capital, these stocks will also likely pay you cash.

Hydro One is a top stock, because you don't have to worry about its operations, it's going to protect your capital, and it will pay you a dividend that's currently yielding roughly 3.8%.

It's a great way to stay conservative and protect your hard-earned money during these uncertain times.

These days, though, with all the economic stimulus, another way you may want to protect your wealth is by buying TSX gold stocks.

TSX gold stocks

Gold is traditionally thought of as a safe-haven investment. It's not unusual to see stock markets down one day while gold is up. This usually happens when investors decided to take some risk off the table that day, selling equities and buying gold.

However, through this pandemic, it looks as though the main reason to buy gold has shifted. While investors are still buying gold as a safe-haven investment, for the last few months, gold has been correlated with market movements.

This goes to show that although monetary policy isn't causing traditional inflation, it could be causing asset price inflation. This would explain how stocks have rebounded so quickly, many of them to new all-time highs, while we are still in a pandemic.

Investors have recognized that all this stimulus is rapidly devaluing cash, so everyone is looking for assets to store their wealth in.

While buying a top utility stock like Hydro One could be a good idea to help protect your wealth, another suggestion is a TSX gold stock.

TSX gold stocks are among the best choices for this kind of environment, especially these days, considering [Warren Buffett](#) just bought shares of **Barrick Gold**.

Bottom line

There is still massive uncertainty with how things will progress for the rest of the year. So, for investors, I'd err on the side of caution and make sure you're doing what you can to protect your wealth.

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2. TSX:ABX (Barrick Mining)
3. TSX:H (Hydro One Limited)

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