Market Crash Alert: 2 Resilient TSX Stocks

Description

With plenty of uncertainty and volatility still surrounding the economy, another market crash is possible. The potential for a downturn in stocks is certainly there.

While investors focused on the very long-term might not be worried, investors with a shorter investment horizon might be. Another big drop in the market could be devastating and wipe out slowly acquired gains.

However, there are defensive TSX stocks that can help protect against a market crash. These are typically stocks with stable, non-cyclical business models.

These stocks tend to provide consistent and reliable, if unexciting, results. Their main draw isn't within the total return potential, but rather within the stability they provide.

Today, we'll look at two resilient TSX stocks that could help investors in the event of a market crash.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a major electric utility company with operations spanning the Caribbean as well as North and Central America.

This stock has long been a great defensive pick for Canadian investors because of its stable and dependable revenue streams.

Fortis produces such consistent results because it operates heavily on regulated contracts. This means there isn't much room for outside forces (even a market crash) to play a big role in its revenue.

As such, Fortis tends to march to the beat of its own drum in a sense. While most other stocks are posting negative revenue growth figures, Fortis is still just plodding along with its 3.4% quarterly revenue growth.

This market resilience is further reflected in its beta of 0.08. That figure suggests Fortis does not closely follow the market's moves at all.

In fact, Fortis is one of the rare TSX stocks to be trading practically where it started the year at. As of this writing, this defensive stock is trading at $54.60 and yielding 3.7%.

If you're looking to pick up a TSX stock that can withstand a market crash while delivering a solid yield, Fortis is a great choice.

Loblaw

Loblaw (TSX:L) is Canada's premier grocery and pharmaceutical retailer. It provides Canadians with the essentials they need and is a household name.

Since people always need food and medicine in the cupboards, Loblaw makes for a great defensive pick. While it did have down days during the market crash, it was one of the stocks to rebound the quickest.

In fact, Loblaw is basically trading where it started the year at and traded even higher during April. It showed that it is able to withstand economic and market forces.

As with Fortis, Loblaw is still posting solid positive quarterly revenue growth figures. Plus, it sports a beta of -0.07, which implies it tends to move opposite the market.

So, this seems to be a recipe for a good stock to own through a market crash. However, investors should be aware that this stability and resilience comes at a price.

More specifically, Loblaw doesn't tend to offer immense amounts of growth in the share price over time, and the dividend as of this writing is merely 1.9%.

Even still, it can be an ideal safe haven for investors focused on short-term protection, even if it will be out-performed by more traditional blue-chip stocks over time.

Market crash strategy

Both Fortis and Loblaw can be valuable stocks to protect against a market crash. They have both shown great resilience in the face of economic obstacles.

If you're looking to add some extra portfolio protection, keep these two heavyweights near the top of the list.

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2. TSX:FTS (Fortis Inc.)
3. TSX:L (Loblaw Companies Limited)

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