Market Crash 2021: 2 Safe Stocks if You're Scared

Description

Even with the vaccines rolling out and injections are starting in December 2020, a market crash in 2021 is not a remote possibility. The Canadian government, for example, expects the containment of the COVID-19 pandemic by year-end next year. Until then, anything can happen.

The Fall Economic Statement 2020 released by Chrystia Freeland, Canada's deputy prime minister and finance minister, clearly shows the fight against COVID-19 isn't over yet. The government needs to continue supporting its people, creating new jobs, and investing in an inclusive and sustainable recovery.

It's understandable for investors to be scared of another economic meltdown if things do not return to normal soon. Meanwhile, you can prepare for a market crash by rebalancing your portfolio and seeking safe investments. Among the defensive choices are **Fortis** (TSX:FTS)(NYSE:FTS) and **Metro** (TSX:MRU).

Safe as ever

Fortis is a must-own, no-frills dividend stock. This utility stock will remain steady and endure crisis after crisis. The $24.77 billion company is North America's leading utility company. Its core businesses are regulated power generation, electric transmission, and energy distribution. More than 90% of its earnings come from regulated utilities.

Income investors prefer Fortis because of its unfailing dividend track record. The company has increased its dividends for the last 46 consecutive calendar years. It's not the highest dividend payer on the TSX, although management has committed to growing dividends by 6% annually through 2024.

Currently, Fortis pays a 3.80% dividend. Assuming you own $150,000 worth of shares today, the recurring monthly income stream is $475. Hold the stock for 20 years, and your investment will more than double to $316,255.68. According to analysts, the price could soar from $53.10 to $63 (+19%) in the next 12 months.

Resiliency at its finest

Metro is displaying resiliency amid the pandemic. Thus far, the consumer defensive stock performs better than Fortis year to date (+11% versus +2%). The business of this $14.72 billion food retailer and pharmaceutical company is low-risk and can withstand a recession.

While the dividend offer of 1.53% is lower than Fortis's, you're also buying capital protection and dividend safety. The payout ratio is only 27.78%, so it should be sustainable. Metro's market segmentation strategy makes it an ideal choice for risk-averse investors.

The company's transformation and modernization are in its third year. Management expects completion by 2023. Metro is investing heavily to strengthen as well as modernize its distribution network. The near-term goal is to build more distribution centres that offer a more comprehensive selection of products. Operations would be automated fully or partially.

Metro also hopes the pandemic to end soon, because it's delaying the integration of distribution and warehousing activities in the pharmacy business segment. The most compelling reason to invest in Metro is that it provides essential services. Cash flow streams from its food and drug business will keep streaming uninterrupted.

Fight your fear

If you have market jitters, fight the fear and don't run away from the market. The best strategy to counter anticipated volatility is to seek defensive stocks. Fortis and Metro are companies whose operations, cash generation activities, and dividend payments will continue even during severe recessions.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:MRU (Metro Inc.)

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Date
2025/08/12
Date Created
2020/12/19
Author
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