



3 TSX Stocks to Buy Ahead of a Probable Market Correction

Description

Markets took a breather last week when the Fed indicated a more hawkish stance. As a result, interest rate hikes could rather return sooner than later, which might upset investors' mood. TSX stocks at large, too, traded weak last week on the fears of expected higher rates.

Importantly, this could have significant damage to the year-long rally. According to *CNBC*, Moody's economist Mark Zandi [expects](#) a 10-20% market correction due to the Federal Reserve's aggressive outlook. In addition, a faster-than-expected economic recovery has sent inflation to record-high levels recently, which needs to be dialed down by raising interest rates. Overvalued assets like growth stocks might see significant weakness in such a scenario.

At the same time, defensive, undervalued stocks might continue to offer respite for investors due to their dividends and slow stock price movements. During volatile times, investors dump risky assets and take shelter in defensives, giving them an upward push. Here are three TSX stocks that could stand tall if markets take an ugly turn from here.

Telus

The country's second-biggest telecom company by market cap, **Telus** ([TSX:T](#))([NYSE:TU](#)) is my top pick for long-term conservative investors. It currently yields 4.5%, higher than TSX stocks at large. Telecom companies earn stable cash flows in almost all economic scenarios, making them a solid hedge in economic downturns.

Additionally, telecom companies are aggressively investing in capital projects ahead of the 5G revolution. They will likely see accelerated earnings growth, unlocking significant value to shareholders in the next few years.

Note that Telus has outperformed both of its telecom peers in the last five-year, 10-year, and 20-year time horizons. Its relatively superior earnings growth drove its market performance that beat peers by a wide margin.

Canadian Natural Resources

Energy commodity prices and inflation generally move in tandem. Thus, **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is another TSX stock that could continue to outperform in the next few quarters. It is currently trading at a dividend yield of 4.3%.

The \$54 billion [Canadian Natural](#) is the second-biggest oil sands producer with a highly diversified energy product portfolio. It produces a balanced mix of natural gas, light and heavy crude oil, and natural gas liquids.

CNQ stock has risen by approximately 85% in the last 12 months, substantially outperforming peers. Despite the rally, the stock looks attractively valued at the moment and indicates that it still has some steam left.

Enbridge

Top midstream energy titan **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is one of the top-yielding TSX stocks. It offers a superior yield of 6.7% and suggests a significant yield premium, even if interest rates increase in the next few years.

It has a strong track record of raising shareholder payouts for the last 26 consecutive years. That's because Enbridge earns a majority of its earnings from long-term fixed-fee contracts that enable stability and visibility.

It has an unmatched energy pipeline network that creates high barriers for new entrants and offers a value proposition to its refiners. The company's earnings stability will likely facilitate consistently growing dividends for years to come.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Metals and Mining Stocks
6. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TU (TELUS)
4. TSX:CNQ (Canadian Natural Resources Limited)

5. TSX:ENB (Enbridge Inc.)
6. TSX:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Metals and Mining Stocks
6. Stocks for Beginners

Tags

1. Editor's Choice

Date

2025/08/17

Date Created

2021/06/21

Author

vinitkularni20

default watermark

default watermark