2 Stocks to Buy if You’re Worried About a Market Downturn

Description

While nobody likes to think about it, the possibility of a downturn in the market is always something that you should consider when you make your investment decisions.

The stock market recovered miraculously in a few months after the pandemic-fueled sell-off frenzy early in 2020. As the vaccine rollout continued, the prospects of finally moving past the pandemic era led to economies going through a significant boom. Lately, the rising concerns caused by the Delta variant of the COVID-19 virus have reintroduced uncertainty among investors and analysts alike.

There are more and more discussions about the possibility of another market downturn. While it is still too early to say if the Delta variant can lead to a significant decline in the economy, the risk of a periodic market downturn is ever-present. It would be a wise decision to pay heed to the growing number of conversations about a downturn and reposition your portfolio to protect your finances.

Today will discuss two companies that you should have on your radar if you are considering re-evaluating your portfolio and allocating your capital to recession-resistant assets.

Telus

Telus (TSX:T)(NYSE:TU) is a giant in the Canadian telecom space and provides an essential service. Telecommunications services have become essential in an increasingly digital world where people need access to the internet for everything from work to education and entertainment.

Even when the economy becomes unstable and businesses start losing revenues, companies like Telus can continue generating solid cash flows because telecom services would be some of the last expenses that consumers will cut, provided that their financial position is dire enough. These qualities make it a strong and recession-resistant stock to consider.

Telus stock is trading for $27.59 per share at writing and boasts a juicy 4.58% dividend yield. Adding the stock to your portfolio could provide you with consistent returns through its shareholder dividends and capital gains regardless of the economic environment.

Fortis

Fortis Inc. (TSX:FTS)(NYSE:FTS) is a utility holdings company with geographically diversified operations. The company owns and operates several utility businesses, providing its services to around 3.4 million customers in Canada, the U.S., and the Caribbean.

While utility companies are not the most exciting businesses to own due to their stability during bull markets, the stability that Fortis provides can protect investor capital during market downturns.

Fortis stock is a Canadian Dividend Aristocrat with a 47-year dividend growth streak. The company generates almost all of its income through highly regulated and long-term contracted assets, allowing it to earn predictable income. Fortis's management can use the predictable cash flows to comfortably invest in expanding its facilities and funding its growing shareholder dividends.

Fortis stock is trading for $55.83 per share at writing and boasts a juicy 3.62% dividend yield that you can lock into your portfolio today.

Foolish takeaway

Many investors are worried that the market has become overvalued and a full-fledged market correction could devastate their investment capital. If you are a cautious investor who wants to avoid taking unnecessary risks and add a layer of security to your portfolio, investing in high-quality and recession-resistant stocks could be an ideal move for you to consider.

Telus and Fortis are two high-quality income-generating assets that can continue to generate healthy cash flows regardless of the market environment. You could consider adding the two companies to your investment portfolio to offset the losses from a market downturn.

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