Market Correction: 3 Defensive Stocks to Buy in December

Description

The last severe market correction occurred in February and March 2020. Markets plunged, as the severity of the COVID-19 pandemic became apparent. Since then, North American markets have thrived in the face of historically low interest rates, radical social spending, and continued quantitative easing. Canada has already dramatically scaled back on the latter two developments. The Bank of Canada (BoC) is now telegraphing rate hikes in 2022. Investors worried about a potential market correction should look to snatch up defensive stocks in the final month of the year. Let's jump in.

Grocery retailers can provide cover in another market correction

Inflation has soared to near 20-year highs in Canada this year. Food price increases have been one of the key drivers, along with rising gasoline prices. Grocery retailers like **Metro** (TSX:MRU) are solid defensive stocks to target in this climate. Shares of Metro have climbed 8.6% in 2021 as of close on November 25. The stock has dropped 2.3% week over week.

The company released its fourth-quarter and full-year 2021 results on November 17. Adjusted net earnings rose 3.9% to $200 million. Meanwhile, sales have increased 1.6% from the full year in 2020 and 9% from 2019. Moreover, adjusted net earnings also jumped 3% to $854 million in 2021.

This defensive stock possesses a favourable price-to-earnings (P/E) ratio of 18. It offers a quarterly dividend of $0.25 per share, which represents a modest 1.6% yield.

Here's a telecom that is worthy of being called a defensive stock

BCE (TSX:BCE)(NYSE:BCE) is a Montreal-based telecommunications company. Shares of this defensive stock have climbed 18% in the year-to-date period. Telecom is one of the most dependable sectors in Canada. These are stocks that you can trust in the event of a market correction.

In Q3 2021, the company delivered adjusted net earnings growth of 5.1% to $748 million, or $0.82 on a per-share basis. Meanwhile, it posted 266,919 total wireless mobile phone and mobile connected device, retail Internet, and IPTV net subscriber activations — up 10% from the previous year. BCE closed out the quarter with strong liquidity of $6.1 billion.

Shares of this defensive stock last had an attractive P/E ratio of 19. BCE pays out a quarterly dividend of $0.875 per share, which represents a strong 5.3% yield.

One more top defensive stock to hold in the event of a market correction

Hydro One (TSX:H) boasts a monopoly on electricity transmission and distribution in Ontario, the most populous province in Canada. Last year, I'd discussed why Hydro One was a defensive stock you could trust for the long haul. This utility can provide protection in a market correction.

Shares of Hydro One have climbed 6.9% in 2021 as of close on November 25. In Q3 2021, the company delivered earnings per share of $0.50 — up from $0.47 per share in the previous year. Meanwhile, adjusted net income was reported at $806 million, or $1.34 per share, in the year-to-date period — up from $742 million, or $1.24 per share, in 2020.

This defensive stock has a favourable P/E ratio of 19. Moreover, it offers a quarterly dividend of $0.266 per share. This represents a 3.4% yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:H (Hydro One Limited)
4. TSX:MRU (Metro Inc.)

PARTNER-FEEDS

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

8. Yahoo CA

PP NOTIFY USER

1. aocallaghan
2. kduncombe

Category

1. Investing

Date
2025/08/27
Date Created
2021/11/27
Author
aocallaghan