3 Top TSX Stocks to Buy Amid the Recent Market Correction

Description

The mutating virus has raised its ugly head once again, and re-opening efforts have hit a brick wall. The magnitude of Friday's decline speaks for itself, with crude oil and airline stocks plunging more than 10%. The **S&P/TSX Composite Index** and the **S&P 500 Composite Index** plunged 2.2% on Friday. Interestingly, a few **TSX** stocks stayed quite firm as the broader markets tumbled big.

Here are three Canadian names that stayed strong and could outperform if markets take an unpleasant turn from here.

BCE

Canada's biggest telecom company, **BCE** (TSX:BCE)(NYSE:BCE) looks attractive to play the market correction. The stock fell a mere 1% on Friday and outperformed the broader markets. BCE has returned 22% so far this year, including dividends.

Telecom companies earn stable revenues irrespective of the broader economic cycles. That's why they are considered defensive stocks. Note that BCE exhibited a notable drop in revenues last year amid movement restrictions. However, it recovered fairly quickly this year.

So far in 2021, BCE reported $17 billion in revenues, an increase of 2.6% relative to the same period last year. In addition, the company reported 27% earnings growth year over year so far this year.

Apart from stable financials, BCE offers juicy dividends that yield 5.4%, which means if you invest $10,000 in BCE shares, you will earn $540 in dividends in a year. BCE's earnings stability facilitates stable dividends. Lower correlation with broader markets and stable dividends make it an attractive bet amid uncertain markets.

Fortis

Another safe bet could be one of Canada's top utility stocks, **Fortis** (TSX:FTS)(NYSE:FTS). Like telecoms, utility stocks also earn stable revenues that aren't associated with business cycles. Utility stocks have a relatively low correlation with broader markets compared with tech or energy stocks. That's why utilities outperform in falling markets.

Additionally, utility stocks pay handsome dividends that can create a steady income stream. Fortis yields 3.8% at the moment, higher than TSX stocks at large. Notably, the utility has increased its annual dividend for the last 48 consecutive years through the financial meltdown, recessions, and pandemic.

Note that stocks like Fortis underperform during bull markets mainly due to their slower earnings growth. However, FTS's stable dividends and slow stock price movements render it a strong bet in the current scenario.

Canadian National Railway

Top railroad stock **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is my third pick for today to tackle the volatile markets. CNR stock is up 14% so far this year, underperforming the TSX Composite Index. However, this is a stock that is well placed in all kinds of market scenarios.

CNR operates a unique network that connects three coasts—the Atlantic, the Pacific, and the Gulf of Mexico. The network provides the company with a competitive advantage in the duopolistic market.

In the last decade, CN Rail increased its net income by 5%, compounded annually. While this might not interest an aggressive growth investor, mature companies generally grow with this pace, and stability plays a key role. The same stability resists CNR from big declines and fuels a relatively faster recovery.

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vinitkularni20