
# 2 Safe Stocks to Buy if You Think a Market Correction Is Coming

## Description

A year-end stock market correction seems inevitable, given the TSX's five-day losing streak since December 7, 2021. The index is down 1,119.9 points, or 5.1% lower from its peak on November 12, 2021. It hasn't been this shaky since the bull started in November 2020.



The new COVID variant and rising inflation are causing panic in the financial markets. If a pullback is imminent, stock investors should move to safer assets while there is time. The top choices today are **Fortis** (TSX:FTS)(NYSE:FTS) and **TELUS** (TSX:T)(NYSE:TU).

Both companies can overcome the economic shock and help investors mitigate the risks. Furthermore, the utility and telco stock should have no problems sustaining the dividend payouts, even in a declining market.

## Undisputed defensive asset

Fortis is the undisputed go-to stock when investors are in panic mode. The $28.25 billion electric and gas company generates stable and predictable cash flows from highly regulated assets. Besides, people's need for electricity and gas will still be there in an inflationary period or a recession.

Apart from producing, transmitting, and distributing electricity to end users, Fortis sells wholesale electricity to enterprises. Under its umbrella are eight regulated companies, two energy infrastructure firms, and one regulated independent transmission unit.

On September 29, 2021, Fortis announced a 6% increase in its quarterly dividend effective December 2021. The year's hike is the 48th consecutive year that the premier utility company raised the payouts to shareholders. If management fulfills its promise of an average annual dividend growth through 2025, Fortis will achieve Dividend King status in September 2023.

Fortis has solid operational and financial fundamentals owing to the growing utility assets. It also benefits immensely from regulatory and geographic diversity (Canada, the U.S., and the Caribbean). The company's new $20 billion capital plan (2022 to 2026) is its largest so far.

David Hutchens, president and CEO of Fortis, said, "This highly executable plan will extend or robust rate base growth that will support the delivery of cleaner energy and advance our goal to reduce greenhouse gas (GHG) emissions 75% by 2035." Fortis trades at $59.75 per share (+19.56% year to date) and pays a 3.58% dividend if you invest today.

## Essential products and services

There's no need to explain why TELUS is ideal for risk-averse investors. The second-largest company in Canada's telco industry generates billions of dollars in revenues every year. More importantly, the products and services it provides are essentials, not luxuries.

TELUS's dividend-growth streak (17 consecutive years) isn't as extensive as Fortis's, but it should give investors the confidence to invest. Moreover, at only $29.23 per share (+21.26% year to date), the dividend yield is a heftier 4.47%. In Q3 2021, the telco added 320,000 customers, an all-time quarterly record.



Profits increased 11.5% to $358 million versus Q3 2020. The board of directors approved a dividend increase because of higher top and bottom lines. Darren Entwistle, president and CEO of TELUS, said, "Our robust performance reflects the effectiveness of our globally leading customer-centric culture and broadband networks."

## Safety nets

Investors need safety nets if the market is about to fall. The TSX is on a cusp of a correction, so it would be best to take positions in Fortis and TELUS right now.

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