3 Top Stocks for a Volatile Market

Description

We're in the midst of a very turbulent stock market this December.

Heading into the holiday season, we've seen stocks swing wildly up and down, as the market tries to make sense of the Omicron Variant and inflation.

In this environment, a lot of stocks are getting hit hard.

Hyper-growth stocks are leading the charge lower, while value stocks are mostly maintaining their value — though not rising much. It's natural to be scared in such a situation. But it pays not to be. As we saw in March 2020, those who hold through market volatility often come back stronger. With that in mind, here are three reliable stocks for today's turbulent market.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is Canada's biggest bank. Like most TSX banks, its stock is very cheap. Trading at just 11.4 times earnings, it's an island of value in a sea of richly valued stocks. Royal Bank took some damage in 2020, when the COVID-19 pandemic led to a huge increase in its risk factors. Later, though, the bank started to recover, and the economy turned around. The bank's most recent quarter beat on revenue, while delivering a slight miss on EPS. Despite the miss, earnings grew 40% year over year.

If the Bank of Canada goes ahead with raising interest rates next year, then RY's earnings could grow even more.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is one of Canada's most reliable dividend stocks. It has raised its dividend every single year for 47 consecutive years. As a utility stock, it enjoys unusually stable revenue and earnings. Demand for utilities (heat, light, water) tends to be inelastic, as these services are indispensable. People would rather sell their car than go cold in the winter. This phenomenon was well demonstrated in Fortis's 2020 results. That year, the company's adjusted net income grew slightly, despite the global recession going on that year.

Fortis is a very reliable company you can count on for growing dividends.

CN Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is a stock I have been holding for three years and will probably continue holding well into the future. As a railroad, it naturally grows with the economy. Railroads are the most cost-effective way to ship large quantities of goods — cheaper than trucks and planes, more suitable than boats for shipping goods to inland destinations. For these reasons, railroads are the shipping option of choice for goods like grain, coal, and (sometimes) oil. These commodities are vital economic necessities, so railroads tend to grow along with GDP.

That doesn't mean that CNR's growth is limited to the rate of economic growth, though. It can pop earnings more than that, through rate hikes, increased efficiencies, and more. It's definitely a great stock to hold in turbulent times.

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:FTS (Fortis Inc.)
6. TSX:RY (Royal Bank of Canada)

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