2 Beginner Stocks to Buy as Markets Nosedive

Description

It's a hard time to be a beginner investor these days, with so much in the way of volatility and uncertainty. Indeed, it's scary out there, and while it may be a better idea to sit and wait for markets to calm down, it's times like these, when everyone is hitting the sell button when there could be the most value to be had.

Now, there's no guarantee of short-term gains anytime. Dip buying may or may not work this time around. But regardless, you should be looking to average into your favourite stocks that you view as underpriced, regardless of what others are doing. Remember, Warren Buffett says to be greedy while others are fearful and fearful while others are greedy. Today, people are incredibly fearful.

Could they become even more fearful before they get greedy again? Sure, but if you're in it for the next 10 years and beyond, I think that beginners can begin to slowly dip a toe into the broader markets in spite of the rockier road compared to years past.

Market volatility: Unnerving to new investors

Now, it's not easy to get in for the first time when markets are fluctuating by 1-3% on the daily! Indeed, volatility works both ways. That's why I think it's a wise idea to nibble into a small position in your favourite stock after a big down day, rather than chasing a melt-up rally like one the S&P 500 and Nasdaq 100 indices experienced last Thursday and Friday. Could that mark the bottom and be the last call before new highs are met? Potentially. But could it reverse course as the growing list of worries swells further? That's also a very likely case, as markets fluctuate, struggling to put in any sort of bottom.

Indeed, sharp rallies following sharp selloffs are typical. Some of the biggest up days have followed some of the biggest downturns or crashes. That's why it's so important to stay invested through tough times, rather than getting out with the intention of getting back in later. As we saw during the 2020 market crash, the rally that puts in the bottom cannot be known beforehand. It will be sharp, and itwon't leave bottom fishers much time to get in. That's why "waiting" for the correction to bottom orvolatility to end is far easier said than done.

Let's take a closer look at two beginner stocks that I believe are "easier" to buy when times get tough. By easier, I mean nothing big about the narrative will change as a result of exogenous shocks. Further, each stock has a below-average beta, meaning each name will, on average, be less volatile than the TSX Index.

Fighting volatility with low betas, dividends, and value

Think names like **Hydro One** (TSX:H) and **Canadian Utilities** (TSX:CU), two Canadian-exclusive utility stocks with low betas and resilient earnings. Though neither name will make you rich, they will help new investors keep their cool when others lose theirs amid volatility. Hydro One and Canadian Utilities stock boast 3.4% and 5.1% yields, respectively. While higher rates aren't great for capital-intensive utility stocks, I think that most of the rate-hike woes are baked in. Further, they're not as at risk to higher rates than unprofitable growth companies. Indeed, H and CU stock seem like neglected bargains as the risk-off trade looks to pick up in 2022.

Could sleep-easy stocks be the go-to for the rest of the year? Nobody knows. Hydro One and Canadian Utilities are the foundation stocks, though, that should have a place in any diversified portfolio aiming to hedge against unforeseen risks.

CATEGORY

1. Investing

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2. TSX:H (Hydro One Limited)

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