



2 Canadian Stocks Gaining Value in the Current Market Environment

Description

Over the last few months, much of the news has been about the factors that impact the economy, mainly inflation, higher interest rates, and, recently, the war in Ukraine. These events have caused a lot of stocks, especially well-known growth stocks, to lose value over the past couple of months. However, there are still plenty of high-quality Canadian stocks gaining value in the current market environment.

To help decide which investments make the most sense and which stocks to avoid today, it helps to understand why stocks are moving the way that they are. And it's not a coincidence that many of the high-growth stocks are the ones selling off and those that are cash cows are gaining value.

So, if you're looking to find safe and reliable investments today, here are two of the top stocks to buy now.

One of the top Canadian telecom stocks

In almost any industry, you can find safe and reliable businesses to invest your money. However, some industries are better than others. And in Canada, one industry with some of the largest and safest Canadian stocks to buy is telecommunications.

That's why it's no surprise that over the last few weeks, as volatility and uncertainty have picked up, shares of **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), a massive [large-cap](#) telecom stock, have been gaining value.

BCE has one of the most impressive and defensive businesses in Canada. Much of its operating income comes from either its wireline or wireless segments, which both provide services that are essential in 2022.

This is why, through the pandemic, the biggest impact on BCE's operations was a 9% decrease in its revenue, which lasted just one quarter — the first full quarter of the pandemic. By the third quarter of 2020 (the second full quarter of the pandemic), the negative impact on BCE's revenue was less than 3% of sales, showing how dependable its operations are.

Having access to the internet and basic communications is crucial, so no matter what the economic environment, BCE can expect its sales to remain robust. And because the company owns tonnes of long-life assets, it generates billions of cash flow every quarter, it allows BCE to continue investing in growth while also paying an attractive dividend that currently offers a yield of 5.4%.

So, if you're looking for a safe and reliable Canadian stock you can buy with confidence, BCE is one of the best to consider.

An incredibly reliable Canadian energy giant

Another highly defensive industry to invest in is energy. And while some energy stocks, such as highly volatile producers, can be a little risky, a high-quality infrastructure stock like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is extremely reliable.

Enbridge is similar in a lot of ways to BCE. It has operations that are crucial to our economy and highly recession proof. In addition, it also owns long-life assets that allow it to be a major cash cow.

Through the pandemic, its cash flow has remained robust, even when Enbridge's revenues took a hit, at one point down 40% year over year. Every single quarter since the pandemic broke out, and going back long before that to 2017, Enbridge has earned positive [free cash flow](#).

This is why Enbridge, like BCE, is one of the most reliable Canadian stocks you can buy. Plus, it too generates tonnes of cash to pay back to investors, which is why, like BCE, it continues to increase its dividend each year.

That dividend yields more than 6.1% today — a major reason why Enbridge stock has so much demand in this environment.

So, if you're looking to shore up your portfolio with reliable Canadian stocks, Enbridge is one of the best to buy now.

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