Worried About a Recession? 1 Must-Buy Safety Stock to Hang Onto!

Description

A recession seems like it's waiting for us in the latter half of 2022, with the U.S. yield curve flattening out, inching closer to that ominous inversion. Further, the crisis in the Ukraine is showing no signs of easing. It could get worse. If it does, inflationary pressures could mount, and the U.S. Federal Reserve may be left with few options other than to hit the gas on rate hikes to prevent astronomical jumps in the already hefty inflation rate. Indeed, it's not a great place to be.

With COVID in the background and China looking to lockdown once again, a case could be made that we're in a "double crisis" of sorts. With valuations resetting and the Fed looking to right its past wrongs, many bubbles within the market have burst. I warned investors of isolated bubbles in the speculative tech scene in prior pieces. While many bubbles have already crashed over 80%, I still think there are frothy areas that are still in need of a significant decline. Such a decline could easily drag down the markets.

Market volatility: be a buyer, but don't time bottoms

Indeed, the **S&P 500** at 4,000 doesn't seem out of reach. In any case, I do think that a majority of the damage has already been put in, even if the bottom has yet to make an appearance. With the bear market ravaging tech, I think investors with a long-term horizon should think about doing some buying here, whether or not they're in the belief that a recession is nigh. Like it or not, markets are already pricing in a slight chance of recession.

If it doesn't happen or if a peaceful resolution to the Ukraine-Russia crisis happens sometime soon, markets could have a massive weight lifted off their shoulders, and it could be off to the races again. The real question is will you panic sell and run the risk of missing out on a chance to run with the bulls in the back half of 2022? Or will you hold your nose and buy something you view as enticing despite all the pessimism, negativity, doom and gloom on the Street these days? Sometimes, it pays to be a contrarian when there's blood on the Streets, even if a lot of it is your own.

Hydro One: A low-volatility pick to steady your ship

While a recession is unlikely, investors should be prepared for anything to happen. That's why **Hydro One** (TSX:H) is a great core holding to hedge against a continuation of this sell-off and an economic downturn. The firm has a monopolistic share of Ontario's transmission lines. It is in a spot to continue raking in considerable profits, even as the tides turn against the broader stock market. The low degree of correlation makes H stock a "sexy play" during times like these, when boring is beautiful.

Up more than 37% over the past year, H stock can help buoy your portfolio as the tides get choppier. The 3.3% dividend yield is just a cherry on top of a fully-loaded sundae. Recession or not, you need to be ready; H stock is a great way to steady your portfolio for times like these.

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