



2 Stocks to Buy if There's a Global Market Pullback

Description

The record close by the TSX, as well as the record trading volume, on March 18, 2022, indicates that investors' sentiment remains high. However, the situation is far from stable. Credit ratings agencies Fitch and S&P Global Ratings downgraded Russia's foreign and local currency sovereign credit ratings.

Both rating firms feel Russia is heading towards a default in its foreign currency debt. Kristalina Georgieva, International Monetary Fund (IMF) managing director, said the government's default isn't an improbable event. If indeed there's non-payment after the 30-day grace period, an official default could set off a global market pullback.

Don't ignore the warning signs

In the 2007-2008 financial crisis, investors ignored the warning signs. The epic financial and economic collapse due to sub-prime mortgages led to the Great Recession. The lesson from the subprime fiasco is that [investors should be perpetually prepared](#).

If you're unsure whether your assets can endure a full-blown global market crash, [rebalance your portfolio](#) while there's time. **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Canadian Utilities** ([TSX:CU](#)) are perfect anchors for risk-averse investors.

Growing scale

Canada's second-largest bank maintained steady revenue and earnings growth during the 2008 financial crisis. Some market observers believe share prices of big bank stocks are already in their high end. Because TD \$184.61 is [time-tested](#) and has a strong capital base, you can hold the stock forever.

The \$184.61 billion bank boasts a great retail franchise in the United States, but expect TD to further scale across the border. On February 28, 2022, it signed a definitive agreement to acquire FirstHorizon Corporation for US\$13.4 billion. The latter is a premier bank in the southeastern U.S.

Bharat Masrani, TD Group president and CEO, said, "First Horizon is a great bank and a terrific strategic fit for TD. It provides TD with immediate presence and scale in highly attractive adjacent markets in the U.S. with significant opportunity for future growth across the Southeast." At \$101.79 per share, the soon-to-be sixth-largest bank in the U.S. pays a 3.63% dividend.

Incredible dividend-growth streak

Canadian Utilities is TSX's first Dividend King. On January 13, 2022, management announced a 1% dividend hike in over each of the four previous quarters. It also marked 50 consecutive years of annual dividend increases — the longest dividend-growth streak of any TSX-listed company.

This diversified global energy infrastructure company provides essential services. Cash flows are predictable because the utility assets are highly regulated. CU's portfolio is ever growing following the \$334 million new investments in capital projects in Q4 2021. About 75% of the fund went to regulated assets.

Since the earnings base and utility assets of the **ATCO** Group member are regulated and highly contracted, there's a solid foundation for continuous dividend growth. If you invest today, the share price is \$37.11, while the dividend yield is an attractive 4.79%.

Uncertain times

According to Russia's finance ministry, US\$117 million was deposited last week to a correspondent bank in London as interest payment on the debt due. However, about US\$615 million is still due for the rest of the month. As of this writing, economists don't see a global contagion effect yet. However, things could suddenly turn for the worse in the latter half of March or in the coming months.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:CU (Canadian Utilities Limited)
3. TSX:TD (The Toronto-Dominion Bank)

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