Worried About a Market Crash? 2 Defensive Stocks You Should Own

Description

The **S&P/TSX Composite Index** paints a pretty clear picture of what the situation is like for the stock market this year. Shifting between spikes and dips as uncertainty reigns supreme over the stock market, the Canadian benchmark index posted a sudden surge of 3.88% between March 15 and March 21, 2022.

However, the recent-most surge should not make Canadian investors complacent about the factors contributing to the volatility. Russia's invasion of Ukraine has gone on for over a month now. Historically high inflation rates are still a reality that we have to contend with. The two factors are interlinked because inflation will worsen the longer the war goes on, and sanctions against Russia continue.

Taking on a more defensive position might be a good idea for stock market investors worried about how things will turn out in the coming weeks. Dividend investing is an excellent way to introduce a little stability to your investment portfolio during trying times like these.

Today, we will discuss a couple of dividend stocks operating in two highly defensive industries that can show resilience during volatile market conditions. If you are looking for a hedge against uncertainty, these two investments might be worth adding to your self-directed portfolio.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is a $116.59 billion market capitalization freight railway company headquartered in Montreal. The company owns and operates an extensive railway network, serving Canada and the Midwestern and Southern United States.

Railway stocks are typically considered boring businesses in that they don't offer a lot of rapid growth. However, the lack of rapid growth comes with the promise that you are investing in a resilient and defensive business.

Railways are economic drivers that transport essential goods for use across various industries. It means that no matter how bad things get, you can expect CN Railway stock to deliver. At writing, CN Railway stock trades for $166.21 per share, and it boasts a 1.76% dividend yield.

TELUS

TELUS Corp. (TSX:T)(NYSE:TU) is a $44.45 billion market capitalization giant in the Canadian telecom space. The Vancouver-based company provides a wide range of telecommunications products and services, including internet access, entertainment, health care, and many other solutions that keep people connected. It operates in an industry essential to how the world works today, making it a resilient business that can withstand the broader challenges of harsh economic environments.

Telus is Canada's second-largest telco operator, and it continues to deliver strong results quarter after quarter. Telus stock boasts a strong business model with expansion into several business verticals. These qualities make it well-suited as a defensive asset for Canadian investors. Telus stock trades for $32.31 per share at writing, and it boasts a 4.05% dividend yield.

Foolish takeaway

The TSX does not appear to be entering bear market territory right now or anytime soon. However, the uncertainties that could set it on that path still exist. It might be good to diversify your portfolio and bolster it with defensive assets to counteract risk.

CN Railway stock and TELUS stock could be excellent investments for this purpose.

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3. TSX:CNR (Canadian National Railway Company)
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