



Canadian Utilities: A Dividend Stock for Retired Investors Amid the Market Selloff

Description

Retired investors have likely been stressed out beyond belief these days. Between high inflation and choppy markets, it's not a great place to be. Many retirees inclined to act on emotion could jeopardize their retirements. Locking in a steep loss and missing a rebound run could mean the difference between a comfortable retirement and one that's delayed by a year or more.

There's no telling when this market selloff will end. Even the smartest minds on Wall Street have no idea. That could mean markets could sink much lower through this horrific year. At the same time, the bottom may not be far off either. We just don't know. What we do know is that the worst down days tend to be in close proximity to the biggest up days. Indeed, many investors chased the steep "bear market bounce" a few months ago, only to get dragged right back to the lows.

Retired investors need not panic amid lower prices

With all the uncertainty out there, it's a hard time to be a retired investor. Though the risk appetite has faded in a big-time way, retirees must continue to stay the course if they're on the right track already. That means holding on, perhaps deploying more cash on dips gradually over time and not panicking. There's a lot to panic about these days. Between the Ukraine-Russia war, China's war with COVID, and the Fed's war with inflation, it's been nothing but negativity lately. While it's impossible to predict the outcome of any one of these concerns, it is noteworthy that markets have already had ample time to bake in such events.

The upside is if anything positive can happen for a change. Perhaps the end of the Ukraine-Russia war or an inflation rollover could cause a sustained relief rally. If neither event happens, a bear market could be right around the corner. It'd mark the second bear market in under three years. Before you start offloading your stocks, though, it may make more sense to amp up your portfolio's defences.

The way I see it, market selloffs are [opportunities](#) to top-up with your cash position. Prices are far better today than back in January. And inflation has heated up since then. So, why not put some cash to work? Even as a retiree, it makes sense to look to some of the more bountiful names in the equity universe.

Consider **Canadian Utilities** ([TSX:CU](#)), one of the best Canadian utility stocks that retirees can seek shelter in if their portfolios are overweight risk.

Canadian Utilities

Canadian Utilities is a \$10.4 billion utility play that doesn't get much [respect](#) when times are normal. When there's panic in the hearts of investors, though, CU stock is a name that can prove its worth. On a nasty Thursday that saw the Nasdaq implode 5%, CU stock was up 1%. Many utility stocks like it on the TSX also ended the day in the green.

Though CU stock is up 12% over the past year, it's worth noting that CU stock is still down around 10% from its pre-pandemic high reached in 2020. With a 4.6% dividend yield, it's hard to find a better value than CU stock these days, especially if you're looking to lower your portfolio's beta.

At 25 times earnings, you'll pay a premium. This premium is all about demand for defensive assets, not about the firm's growth prospects.

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Author

joefrenette

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