



Want to Buy Safe Stocks? 3 of the Best Sectors to Find Investments

Description

It's always important to own some defensive stocks with robust operations. But especially in the current market environment, finding high-quality stocks to buy that are also considerably safe is crucial.

You don't want to hold too much cash due to surging inflation. At the same time, though, with rapidly rising interest rates and tonnes of uncertainty, there are plenty of stocks and businesses at risk.

If you're looking to find strong and reliable stocks that you can buy and hold for years, here are three of the best sectors to find defensive investments.

Utilities are some of the safest stocks you can buy

When looking to find safe stocks you can buy for your portfolio, utilities are the best place to start. For example, utility stocks like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) are extremely safe investments for numerous reasons.

Fortis's services are essential, no matter what's going on in the economy or how much consumers' incomes are being affected. In addition, the industry is regulated by governments, and the profitability these companies can achieve is typically known years in advance.

This is why utilities aren't just low-risk stocks. They also offer highly predictable growth. So, while Fortis stock pays a [dividend](#) that has a current yield of roughly 3.4%, we also know that over the next few years, it plans to increase that dividend annually by at least 5%.

That's why if you're looking to buy safe stocks, utilities have robust business operations, their stocks are some of the least volatile, and they pay attractive passive income that's constantly growing.

Consumer staples can help protect your capital in this environment

Another excellent industry to invest in if you're looking to buy safe stocks is consumer staples. While utilities offer services that are essential for consumers, consumer staples offer goods that are essential.

Even if a recession hits, and consumers' incomes are being impacted severely, in addition to still needing electricity and heat, consumers need food and other essential household products. The grocery stores that sell these items, such as stocks like **North West Company**, are easily some of the safest stocks you can buy.

Any business that's selling a service which is unlikely to see a major change in demand due to changing economic factors is defensive. That's why in addition to North West, a growth stock like **Alimentation Couche-Tard** is considered defensive as well.

Now, Couche-Tard may be a bit more volatile, because it also trades with a growth premium. However, its business as a whole — owning gas stations and convenience stores — is highly defensive.

If you're looking to buy safe stocks, ask yourself whether that company would likely see a major impact on sales due to an unforeseen event such as a recession.

Gold is a safe-haven asset many investors like to have exposure to

Lastly, another asset investors like to have exposure to as uncertainty picks up in markets is [gold](#). If you're looking for safe stocks to buy, finding a high-quality gold producer can be an excellent investment.

So far, year to date, the price of gold is up slightly as inflation is soaring, and the war in Ukraine has created a tonne of uncertainty. It's no surprise that a high-quality gold stock like **Barrick Gold**, one of the largest producers in the world, is up 20% year to date.

Gold stocks can offer investors protection of their capital, and lately, many gold stocks have begun to pay attractive dividends.

If you're looking for safe stocks that you can buy and have confidence in during this economic environment, these three sectors will be some of the best places to find them.

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