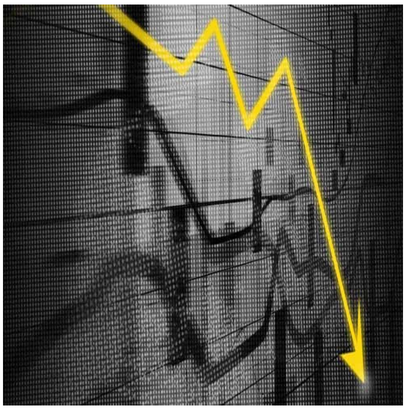

Beginner Investors: 2 Places to Hide Amid a Market Correction

Description

The TSX Index plunged into correction this week, catching up to the S&P 500, which is now flirting with a bear market. Undoubtedly, beginner investors have been dealt the worst hand possible, with the stock market and bond market both heading south. With inflation chipping away at the purchasing power of cash, many feel pressure from all sides. Even **Bitcoin** has sagged lower, plunging 10% in a day in Wednesday's session.

Indeed, it seems like there's nowhere to hide. However, there are still stable companies that are more than capable of holding up amid this "everything selloff." Oil stocks were up big time on Wednesday, and utilities held their own rather well.

With the war in Ukraine, oil and inflation could remain higher for longer. Many big-money investors backing up the truck on energy stocks, and it's not a mystery as to why. Higher energy prices are bad news for the broader markets. It's feeding inflation. With a chunk of your assets in such energy stocks, you'll be hedging such risks and will be better positioned to steer through this brutal year without too much damage.

Inflation and stock/bond market volatility: Time to play defence

Inflation in the United States cooled slightly from 8.5% to 8.2%. The slight cooling was far less than expected, inducing another big down day in markets, as fears of a Federal Reserve 75-bps hike pick up again.

For a beginner, it's a perplexing time to be an investor. And while you may not escape 2022 without some losses, beginners should still think about scooping up value when they see it. Like it or not, most money is made during bear markets. With Warren Buffett going on a buying spree, I think investors should take a hint and continue to buy in spite of where pundits see markets heading next.

Currently, I view **Suncor Energy** (TSX:SU)(NYSE:SU) and **Hydro One** (TSX:H) as magnificent buys that could continue to outpace the TSX and S&P 500 this year.

Suncor Energy

Suncor was up 3.5% on Wednesday, as the broader markets added to their losses. The strength in oil has been quite remarkable. Two years ago, nobody wanted to touch oil stocks with a barge pole. Instead, they wanted to speculate on the high-multiple momentum stocks. My, how the tables have turned. Today, energy stocks are the only thing that seem to be going higher these days. Although the tables could turn once again, I still think that many beginner investors are underexposed to the big oil.

Suncor has been a relative underperformer, but activists could bring out the best in the firm amid strong industry tailwinds. With a 3.6% dividend yield and a 16.7 times trailing earnings multiple, SU stock remains a better value than many tech stocks that are down well over 50% from their highs.

Though Suncor has lost its throne as Canada’s top oil sands player, I wouldn’t be surprised if it regained the position if the right cards fall into place.

Hydro One

Hydro One is one of the most defensive utility stocks out there. It may also be one of the best places to hide from the “everything selloff.” The company operates in a monopolistic market, and not even a recession could drastically hit the company’s cash flows. Essentially, you’re getting a 3.2% that’s as close to a guarantee as you’ll get in the stock market.

In times like this, Hydro One can give you peace of mind. Though the stock has been bid up over the past year, shares still seem like a relatively secure area to store cash to insulate against stock and bond market volatility.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:H (Hydro One Limited)
3. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date
2025/08/25
Date Created
2022/05/13
Author
joefrenette