



Where to Find Good News in a Market Pullback

Description

It seems lately that the market is full of disappointing announcements. The prolonged pullback has erased whatever post-COVID rally that was fueling growth this year. Additionally, gas prices and inflation are decimating retail and beginning to crack that white-hot real estate market. But is it all bad news? Are we firmly in [bear market](#) territory?

Surely, there's somewhere to turn to for some good news in a market pullback.

There's plenty of good news, and opportunity for investment at this point, if you know where to look for it. There are, for example, some mature investments on the market that are mostly immune to downturns. These are businesses that have solid business models that are mostly unaffected by the cost of everything rising.

We can also take a moment to acknowledge companies that thrive on the good news in a market pullback. These are companies that offer a compelling product or service that customers turn to when times are tough.

Let's look at both groups and highlight some stellar investment options.

Stocks (mostly) immune to bad news in a market pullback

One of the first stocks that come to mind to consider during a market pullback is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). Fortis is a \$58 billion behemoth, and one of the largest utilities in North America. The company boasts multiple operating regions with facilities across Canada, the U.S., and the Caribbean.

Utilities are incredibly stable businesses. They generate or distribute what is a necessity to our society. And unlike other necessities like food, consumers are limited in the ways they can slash their utility bills.

Fortis generates a stable recurring revenue stream that is backed by long-term regulated contracts. Those contracts often span several decades in duration, making Fortis a great long-term option.

That stable revenue stream also helps Fortis pay a healthy dividend to investors. The current yield works out to a respectable 3.28%. If that's not enough, Fortis has provided annual bumps to that dividend on a consecutive basis for a whopping 48 years.

In short, Fortis is a great option for investors, but it isn't the only stock that provides some good news in a market pullback.

Another option to consider is looking at Canada's telecoms. Specifically, **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)). Rogers is one of the larger telecoms and, like its peers, generates a revenue stream from its array of subscription services.

Those subscription services have grown in importance under the pandemic, as more people have come to rely on a stable internet and wireless connection for work and school.

Rogers also boasts a well-covered quarterly dividend that works out to a yield of 3.09%. That dividend is also where Rogers deviates from its peers. In short, Rogers no longer provides an annual uptick to that dividend. Instead, the company has used those funds to pay down debt and invest in growth initiatives.

Stocks that thrive during a market downturn

You might not realize it, but there are some stocks that do well when the market cools and prices increase. One such example is **Dollarama** ([TSX:DOL](#)), which is Canada's largest dollar store.

Dollarama boasts a network of over 1,200 stores across Canada. The company also has a booming network of over 200 stores in several Latin American markets under the Dollar City banner.

So, how then is Dollarama a good option during a market downturn? In short, when prices begin to increase, consumers will spend less, and seek out more frugal alternatives. One such example of a frugal alternative is heading to Dollarama.

Dollarama's products are at fixed price points, and smaller items are often bundled, which provides a sense of value to consumers (and, by extension, boosts sales for the company).

Another key point is the inflationary pressure that we're currently seeing everywhere. Dollarama's products are imported, and as they begin to cost more, the company is left with several options. Buying fewer products for the same amount or adding another fixed price point. By adding a fixed price point, Dollarama can add more products, often higher-quality items to its stores.

Final thoughts

No stock is without risk. Fortunately, the three stocks noted above are great options to consider as part of any well-diversified portfolio.

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