



## Retirees: My Top Utility Stock to Buy as Markets Tank

### Description

Utility stocks are a great hiding place for when the bear market looms. While there's a bit of a premium on shares today, I think they're one of the last places to hide in for those who can't stand the toxic one-two hit of inflation and volatility.

### Retirees: Now is not the time to panic

Though low-beta stocks like utilities may tend to experience less volatility than the broader market averages, they're not guaranteed to hold their [value](#) when the going really gets tough. Undoubtedly, when a market crash strikes as violently as it did back in March 2020, everything can get sold off, even bonds! Indeed, a rush for cash can make everything sink into the abyss. That's why having at least a bit of cash on the sidelines is always a good idea! That said, do keep in mind that having too much cash sitting on the sidelines will leave you feeling inflation's full hit.

That's why retirees need to find the right balance. Remember, even Warren Buffett has plenty of cash on the sidelines. To be able to buy stocks at bargain-basement prices when markets roll over, you need liquidity.

Undoubtedly, many retirees have too heavy a cash position. To alleviate it, they should look to some of the more secure utilities out there. **Hydro One** ([TSX:H](#)) is one of the most stable places to be at a time like this.

### Hydro One

Hydro One stock has really held its own amid rocky sessions of trade. The stock actually finished higher on the worst down days that saw almost everything else sink. As one of the most stable utility stocks out there, it should be no mystery as to why the name zigged as markets zagged. Hydro One boasts an enviable monopolistic stance over Ontario's transmission lines. Essentially, Hydro One has a sky-high, impenetrable moat protecting its economic profits. As a necessary utility, its cash flows tend to hold up when a recession rears its ugly head.

Today, H stock boasts a 3% yield. Up nearly 8% year to date, though, investors late to the Steady Eddie dividend payer will need to pay a nearly 22 times earnings multiple. Arguably, the slightly richer price of admission is worth the peace of mind at a time like this. Inflation is running hot, and markets could add to their losses.

Hydro One may be one of the most boring plays out there. It lacks on the growth front, but when fear is in the air, you'd be glad you had it in the core of your portfolio. Though I'd wish for a pullback in H stock before loading up, I wouldn't be against averaging into a partial position right here.

## Bottom line

Things are getting ugly. But retirees should not panic — not about inflation and not about volatility. Instead, they should stay diversified and lighten up on risk assets if they can't handle the stomach-churning moves we've been dealt this year. 2022 has been brutal, and it's not over yet.

### CATEGORY

1. Investing

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