Top TSX Defensive Stocks to Buy as the Global Growth Outlook Weakens

Description

TSX stocks have dropped 15% this year, while the **S&P 500** has fared much worse, dropping 23% so far. Even after such a decline, the bottom could still be far. The International Monetary Fund has lowered its global growth outlook to 2.7% next year. After the peak of the pandemic and global financial meltdown in 2008, the global economy is expected to show its weakest growth next year.

How could investors position their portfolios in such markets?

Growth stocks like tech and consumer discretionary names could continue to flounder, given record-high inflation and interest rate hikes. At the same time, defensives will likely play well in these markets, at least for the next few quarters. So, here are three such TSX defensive stocks investors can consider.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) stock has had a terrible year, despite being among the investor-favourite defensive names. It has corrected 25% this year, a laggard among peer utilities. However, the bottom from its current levels seems close.

Fortis makes almost the entirety of its earnings from regulated operations, facilitating stability and predictability. That is why Fortis has increased shareholder dividends for the last 49 consecutive years. It currently yields 4.4%.

Utility stocks and interest rates generally move inversely to each other. And this year's rate hike pressures have weighed massively on FTS stock. But Fortis' earnings and dividend stability stand tall in these markets.

Note that rate hikes are expected to continue and so, stocks like FTS may not change their course soon. But investors can lock in a handsome yield at these attractive levels. This investment will likely create a decent total return in the long term.

BCE

Canada's telecom bigwig **BCE** (TSX:BCE)(NYSE:BCE) is another stable name in volatile markets. It also operates in a regulated environment, which facilitates earnings and dividend visibility. BCE currently yields 6.2%, much higher than TSX stocks.

BCE stands tall in the 5G race driven by its large subscriber base and aggressive capital investments in the last few years. It has invested nearly $14 billion in network improvements since 2020, almost $2 billion more than its original plan. These investments will likely accelerate its topline growth in the next few years.

BCE stock has lost 20% since April and is trading close to its 52-week lows. These defensives, such as FTS and ENB, very rarely trade at multi-year lows. So, as stated earlier, this could be an opportune time to scoop a handsome yield.

Enbridge

Top Canadian energy midstream stock **Enbridge** (TSX:ENB)(NYSE:ENB) is another TSX stock that offers a juicy yield. It operates oil and gas pipelines across North America and earns stable cash flows from its long-term, fixed-fee contracts.

Unlike upstream energy companies, Enbridge has little or no correlation with oil and gas prices. So, its earnings stay relatively steady even if oil prices fall or surge. That's why ENB stock has returned 5% this year, while Canadian energy producer stocks have returned 50%.

ENB may not make you rich overnight. But if you are a long-term investor, ENB offers decent total return prospects that will likely create a big reserve in the long term.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard

3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. cleona
2. vinitkularni20

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/08/17
Date Created
2022/10/14
Author
vinitkularni20