3 Stable TSX Stocks to Buy in an Unstable Market

### Description

Record-high inflation and steep interest rate hikes have rattled the markets this year. Canadian stocks have lost 15%, while US indices were weaker, losing 21% so far in 2022. And interestingly, the weakness does not seem over just yet. Stocks will likely keep digging deeper, given the impending rate hikes. However, some names look well placed to rally higher in the next few months. Here are three of them that could stand strong in such unstable markets.



## Dollarama

Canadian discount retailer **Dollarama** (TSX:DOL) has been an incredible inflation play this year. It has long proved its vigour in these uncertain markets, returning a decent 30% so far this year.

Dollarama offers a unique value proposition to its customers, which becomes more meaningful in an inflationary environment. As a result, Dollarama has seen decent revenue growth and margin stability this year. However, companies see pressure on margins in higher inflation times. Dollarama operates across Canada with more than 1,400 stores, way higher than its peers.

DOL stock has played well in the earlier bull markets as well, returning 700% in the last decade. So, it is one of the few stocks that outperform in almost all kinds of markets.

With adamant inflation and market uncertainties, DOL stock could continue to play well. Although it is trading close to its record highs, investors can still expect remarkable value creation from its current levels.

## Fortis

Canada's top utility stock **Fortis** (TSX:FTS)(NYSE:FTS) looks particularly attractive after its massive correction since May. FTS has dropped 22% since then, notably underperforming broader markets.

Although FTS has been weak lately, its strong fundamentals and stable dividend profile remain intact.

Utility stocks usually trade lower amid rising interest rates. So, this was not just Fortis, but all utility stocks have trended lower in the last few months.

Irrespective of the broader economy, Fortis earns stable cash flows, which ultimately facilitate shareholder dividends. It currently yields 4.4% and has raised payouts for the last 49 consecutive years.

Note that FTS stock could continue to trade subdued, given the approaching rate hikes. However, these levels look appealing and provide an entry to accumulate FTS to lock in a decent yield.

# BCE

Canada's telecom giant **BCE** (TSX:BCE)(NYSE:BCE) is another preferred name in uncertain markets. Like utilities, telecoms also earn stable cash flows, enabling stable shareholder dividends. Notably, BCE stock has been weak and has lost 20% since April.

BCE stock currently yields 6.2%, higher than peer TSX telecom stocks. It will likely continue to pay handsome dividends in the long term.

BCE looks well placed compared with peers as the industry undergoes a 5G-led transformation. The 5G rollout and changing industry structure with fewer players could benefit BCE in the next few years.

Its higher capital expenditure in the last couple of years could further strengthen its position. Plus, its solid balance sheet and large subscriber base will likely play well for its business growth. So, considering the favourable risk-reward proposition, BCE could be an attractive bet in the current market.



**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:DOL (Dollarama Inc.)
5. 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. Investing

**Date**
2025/07/19
**Date Created**
2022/10/24
**Author**
vinitkularni20