



2 TSX Stocks to Buy When There's a Bear Market

Description

Stock markets have been under immense pressure this year amid high inflation, rising interest rates, and geopolitical factors impacting global economies. As of this writing, the **S&P/TSX Composite Index** is down by almost 11% year to date and 14.83% from its 52-week high.

The state of the Canadian benchmark index is an alarming indicator of the Canadian economy's health. *The Wall Street Journal* also anticipates an over 60% probability of a recession striking the stock market in the next 12 months.

The [bear market](#) environment right now is feeding into uncertainty regarding the market's outlook. Not all businesses tend to underperform or get into too deep of trouble for them to navigate during harsh economic environments.

Some companies are resilient enough to keep going through such times due to the necessity of their businesses. Others thrive in such economic conditions, because their business models offer consumers relief when they need to cut costs.

Today, I will discuss an example of each to help you consider your options for TSX stocks to buy and hold during bear markets.

Canadian Utilities

Canadian Utilities ([TSX:CU](#)) is the prime example of a business that can continue operating in virtually any market environment. No matter how bad things get, people will still need their electricity, water, and natural gas supply. When people cut costs, utilities are not even the last thing they eliminate if they can help it. Canadian Utilities stock is one of the top publicly traded utility businesses in Canada.

The company delivers stable financials, even in volatile markets. It reported an adjusted net income growth of 9.5% in just the first six months this year. It invested around \$294 million during the second quarter of this year in regulated utilities and energy infrastructure to expand its portfolio.

The company is currently in the middle of acquiring a portfolio of renewable energy assets across Alberta and Ontario.

Canadian Utilities is also a Canadian Dividend Aristocrat that has been growing its shareholder [dividends](#) for the last 50 years. As of this writing, Canadian Utilities stock trades for \$35.04 per share and boasts a juicy 5.04% dividend yield.

Dollarama

Dollarama ([TSX:DOL](#)) is an example of a company that can thrive during volatile market conditions. Headquartered in Montreal, the \$23.26 billion market capitalization dollar store retail chain has been the largest retailer of items for \$5 or less for over a decade. It owns and operates over 1,400 locations throughout the country and has a growing presence in South America through a subsidiary.

The company's business model is simple: it offers several essential retail items at much better prices than most others. Rising inflation has made living costs high.

Consumers who want to cut expenses look for providers like Dollarama for various essentials. The business model has been successful. It recently published its third-quarter earnings for this fiscal year, reporting a 13.2% growth in its same-store sales. It also added 63 new stores in the last year and increased its revenue by 18.2%.

The company's unique value proposition can make it an important business, especially during market downturns. As of this writing, Dollarama stock trades for \$80.88 per share.

In contrast with the broader market, it is up by 27.55% year to date and down by just 3.65% from its 52-week high. It is already outperforming the rest of the market by a massive margin and can be a great addition to investor portfolios today.

Foolish takeaway

Companies less susceptible to economic fluctuations can make excellent investments during bear markets. Finding and investing in such companies can allow you to reposition your portfolio to grow your wealth when most stocks across the board result in losses.

Canadian Utilities is a business that can keep ploughing through regardless of economic conditions due to the essential nature of its services. Dollarama offers a viable alternative to its customers to shop for necessities by offering much better rates for various essentials. These two TSX stocks can be great assets to hedge your bets during volatile market environments.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)
2. TSX:DOL (Dollarama Inc.)

PARTNER-FEEDS

1. Business Insider
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Author

adamothonman

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