Three Safe Ways to Invest if Markets Crash

While stocks bounced back considerably following a brutal January, there’s still plenty of catalysts that could send the market into a tailspin.

Not only are there still COVID-19 variants floating around, we have historically higher inflation, and even a hawkish Federal Reserve. In fact, when the Fed starts to wind down its QE program, and starts hiking interest rates, markets could pull back. Mid-term elections are nearing. And there’s potential conflict brewing with Russia and the Ukraine.

Plus, there’s no shortage of panicky investors ready to rush for the exit doors.

The good news is there are plenty of stocks out there that can keep your portfolio safe no matter how crazed markets get this year. Here are three to consider.

NextEra Energy (NEE)

Should markets pull back, some of the most stable investments can be found in utility stocks. After all, demand for utility services will always remain intact, even in the worst of times.

Look at NextEra Energy, for example.

For one, the company provides a basic need service –electricity. Plus, since demand for electricity doesn’t change a lot from one year to the next, the company is insulated. Two, the company has generated a positive total for investors in 19 of the last 20 years. Three, the company carries a dividend yield of 2.03%.

Analysts seem to like the NEE stock, too. BMO Capital analysts for example raised their price target on NEE to $98 from $89 with a outperform rating on the stock.

Costco Wholesale (COST)

Another safe stock to consider in market downturns in Costco Wholesale.

With a dividend yield of 0.61%, COST sells needed products that consumers must have no matter how well or how poorly the economy is doing. In fact, no matter how steep of a downturn, consumers still need soap, detergent, toothpaste, toilet paper, food, etc. All can help provide a steadier and far more predictable cash flow for COST.

SPDR S&P 500 Dividend ETF (SDY)

One of the best ways to diversify at less cost is with an ETF, such as the SPDR S&P 500 Dividend ETF (SDY) – which, since inception has returned about 9% average gains per year.

Even better, the ETF invests in companies that have consistently increased their dividends each year for the better part of the last 20 years. That includes AT&T, AbbVie Inc., Exxon Mobil Corporation, Chevron Corporation, National Retail Properties, IBM, and Cardinal Health to name a few of the top ones. Plus, the ETF carries a dividend yield of 2.68%.