The Top Stocks to Hold in a Recession

Description

With the Canadian economy performing well enough to allow the Bank of Canada to increase interest rates, Canadian investors may want to stop and think about the ramifications of higher rates. One of the most detrimental effects that higher rates could have on the country is the slowdown in new home construction, which is a top leading indicator of things to come in the general economy. For investors worried about a recession, here are the top stocks to own during both bull and bear markets.

Beginning with shares of **Algonquin Power & Utility Corp.** (TSX:AQN)(NYSE:AQN), investors will have the opportunity to ignore the noise about economic growth and the business cycle, as Canadians will continue needing the electricity produced by this company. With the security currently paying a dividend yield of more than 4.5%, investors may see an increase in short order as the company recently completed a major purchase and has quietly been merging the two operations.

Canadians will continue to spend money at the grocery store. In fact, the amount may increase as many Canadians may forgo restaurant dinners. Coming out of a local recession over the past few years in western Canada, shares of **Empire Company Limited** (TSX:EMP.A) currently pays a dividend of slightly less than 2% as the company continues to improve operations after a substantial write-down and a number of challenges in integrating the new locations under the Safeway banner. With a brighter future ahead, shares have at least 15% upside to trade at comparable metrics to other competing grocery conglomerates.

Although recessions often lead to a decline in share prices, investors seeking to hedge against the broader Canadian economy have the opportunity to hold on to shares of **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). The Canadian-based bank, which has a large presence in South America, remains one of the best-capitalized banks available to investors, raising the dividend in 43 of the past 45 years. With a current yield of more than 4%, shareholders may be receiving the most downside protection should times get challenging.

The last name for investors seeking downside-risk protection are shares of **Apple Inc.** (NASDAQ:AAPL). As the smartphone maker continues to grow in size, investors should consider this company as a value investment with a call option attached rather than as a growth stock. Should the company introduce self-driving automobiles, the upside potential could be massive. Barring that, however, investors can count on a rock-solid dividend of 1.5% and modest price appreciation on a year-over-year basis. Shares of Apple have not disappointed over the past decade.

With the potential of a recession looming at the doorstep, there are still a number of investments that can flourish during the worst of times. Invest wisely!

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TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NYSE:AQN (Algonquin Power & Utilities Corp.)
3. NYSE:BNS (The Bank of Nova Scotia)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:EMP.A (Empire Company Limited)

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