



These 2 Stocks Are in Recession-Proof Industries and Can Provide Stability

Description

In good economic times, it's easy to neglect being prepared for a recession, especially when stock prices keep rising and expectations continue to grow. However, a recession is a scenario that investors should always prepare for, because there will be a time when the bull markets will subside and overpriced shares could see corrections, particularly ones trading at excessively high valuation multiples. One way you can protect yourself is to invest in industries that won't be adversely impacted by a recession. I have a list of two stocks below that provide good options for long-term investing. They won't be left crippled if the economy begins to struggle.

Hydro One Ltd. ([TSX:H](#)) is a utility provider that has operations in Ontario as well as parts of the United States. Regardless of economic conditions, people will need to use utilities every day, and usage will only continue to grow as the population expands. In addition to being in a stable industry, Hydro One is backed by the provincial government of Ontario, which has a significant stake in the company's operations.

The company has seen that stability carry over to its financials with revenues consistently clearing over \$6 billion in each of the past four years. Hydro One's top line has been flat in the past three years, but through the acquisition of Avista Corp. the company will be able to benefit from sales growth south of the border in addition to seeing demand grow organically in Canada.

Waste Connections Inc. ([TSX:WCN](#))([NYSE:WCN](#)) is a provider of waste services across North America, including the collection, transfer, and disposal of waste. This is another industry which will see growth as populations continue to rise. Waste is an inevitable by-product of the lifestyles we all live, and because it is unavoidable, that means that waste services will likely always be needed. This stability makes Waste Connections a good long-term investment for investors looking to minimize the impacts of a fluctuating market.

The company has been growing through acquisition in a largely fragmented industry. Sales of over \$3 billion last year were up 75% from the year before. Waste Connections also saw its profit double in the most recent year, and the company has averaged a profit margin of 6.5% over the past four years. Growing sales combined with a stable profit margin means that Waste Connections will see a lot of that

sales growth flow to the bottom line, which will help drive its stock value up and yield strong results for investors.

The share price is a little expensive, trading at a multiple of 48 times earnings and 3.2 times its book value, but growth in the bottom line will improve those figures. If you're looking at the short term, then it might make sense to wait for a drop in the share price, since Waste Connections has gone up over 21% this year and is not far off its 52-week high. However, over the long term, the company's earnings and stock price will likely continue to rise, and trying to time the market may not be useful in this situation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:WCN (Waste Connections)
2. TSX:H (Hydro One Limited)
3. TSX:WCN (Waste Connections)

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