



## Where to Hide With a Recession on the Horizon

### Description

With the first quarter of the year on the books, investors have very little to be happy about. Throughout the first three months of the year, the market has returned very little, with many popular stocks either moving sideways or declining in value over this period. Beyond the stock market, speculative bets such as Bitcoin have done no better. The cryptocurrency has [declined](#) from a price of US\$12,500 to a current price near US\$7,500.

With unemployment at a record low and almost a decade since our last recession, all signs point to a new recession on the horizon. With such a strong possibility around the corner, investors need to ask themselves where they need to be hiding when the storm hits.

With the most defensive investments such as grocery stores currently undergoing a large fundamental shift due to the increase in sales from the internet, these traditional stocks may not all be of interest to investors. For those willing to do the work and look past the major players, there are still quality names to be had. At a current price of \$27.03 per share, **North West Company Inc.** ([TSX:NWC](#)) is offering investors a dividend yield of no less than 4.75% with the potential to [increase](#) this payment throughout the next year.

For investors who have followed this company for a long time, the investment thesis is very clear: the company operates grocery stores (or general stores) in remote parts of Canada and Alaska, with a recent expansion into smaller countries in South America. Given the increase in top-line sales and cash available to management, shareholders should not be surprised to see the dividend increase to \$0.3375 per share per quarter, which would offer a yield of 5%.

When looking back at the past five years, shares of this local grocery store have traded in a range that typically offered investors a dividend yield between 3.75% and 5%. Its 5% dividend yield essentially acted as a price floor for investors, as the expected revenues, expenses, and bottom line profits for the company are very well known. To make this name even more attractive, the beta of the stock is as close to zero as they come. According Reuters, it's 0.01.

For investors who are hesitant about jumping into this type of name, there's little reason to worry.

Although the bottom line number is down on a year-over-year basis, the cash flows from operations have actually increased during this same period. As expected, the company has had to integrate their most recent acquisition, which has increased the depreciation expense from one year to the next while allowing for better economies of scale as the company's footprint grows.

With the integration almost complete, investors can look forward to a dividend increase and a share price that will increase alongside the dividend.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:NWC (The North West Company Inc.)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

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