3 Dividend Stocks to '"Recession-Proof" Your TFSA in 2019

Description

As we head into 2019, market turbulence has got investors spooked. Although corrections are normal, the fact that the current one is occurring after a long bull market has many worried that a recession is coming. Historically, the average bull market lasts nine years. This would mean that we are overdue for a protracted bear market at best or a recession at worst.

Not only that, but many top managers think a recession is coming. A recent survey of 134 CEOs conducted by *The New York Times* showed that the majority believe we'll be in a recession by 2020. It goes without saying that stocks usually fare poorly in recessions. But it's possible to invest profitably even in the worst economic contractions. By investing in "stable" sectors like discount retail, utilities, and railways, you can avoid the worst market carnage and come out on top.

So without further ado, here are my three top picks for "recession-proof" TSX dividend stocks to hold in your TFSA through the year ahead.

Saputo (TSX:SAP)

Saputo is a fast-growing dairy company that's best known as a cheese maker. In just 20 years, it has gone from a small supplier to Canada's leading milk product maker, with a 37% market share. The company is also experiencing strong growth in the U.S., where it has tonnes of room to grow. Essential products like milk tend to do well in recessions, because people keep buying them, even when times are tight.

Saputo's revenue continues to grow, despite its large domestic market share: in the most recent quarter it was up 18%. This stock also pays a dividend with a yield of 1.66%, so it gives you some protection against losses in the markets.

Emera (TSX:EMA)

Emera is a utility stock that provides power to customers in Nova Scotia, Maine, Florida and the Caribbean. Utilities tend to do well in recessions, because they provide a necessary service that people can't easily stop using. Emera grew earnings by 47% year over year in its most recent quarter and pays a quarterly dividend that currently yields about 5.4%. If you're looking for income in your recession-proof TFSA portfolio, this stock is a must-have.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN is a shipping company that transports goods by rail. Its business is heavily concentrated on essential goods like metals, petroleum, food, and fertilizer. These are products that people depend on, even in the worst of times, so CN's business is pretty safe. Beyond that, the company has been growing earnings at close to 20% year over year while enjoying a phenomenal 35% return on equity.

The stock also pays a dividend, and while the yield is low at 1.8%, CN management has a history of raising the payout. Overall, this is one of the best recession-proof stocks on the TSX index.

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