2 Canadian Recession-Proof Stocks to Buy for Your TFSA in 2019

Description

In 2019, the risks to the economy and to our TFSA portfolios are staring us right in the face.

Let's rise to the challenge by investing in the following two recession-proof stocks to protect our savings now and well into the future.

Metro Inc. (TSX:MRU)

These days, everything seems to be working for Metro, as earnings growth, dividend growth, and investor sentiment remain positive.

Along with its recession-proof business, these factors can reasonably be expected to take Metro stock to new heights in 2019.

Metro stock has more than doubled since five years ago, and has rallied almost 20% from October lows as the market has shifted toward more defensive stocks.

This makes sense, as Metro's business is an economically insensitive one, and as the company has continued to post strong results and as dividend increases have been typical of the company.

To illustrate my case, 2018 EPS was $0.63 versus $0.51 in the same period last year, for an increase of 23.5%, buoyed by the Jean Coutu acquisition.

The annual dividend was increased by 16% in 2017 to $0.65 per share and by 10.8% earlier this year to the current $0.72 per share.

With an $11 billion market capitalization and a 1.56% dividend yield, Metro has been and will likely remain a story of consistency, stability, and shareholder wealth creation.

A recession-proof stock to lead us through a difficult 2019.

MTY Food Group Inc. (TSX:MTY)

MTY Group stock is another recession-proof stock that is a consolidator in the restaurant business.

Although it is not as recession-proof as Metro, it remains relatively sheltered from economic woes.

The stock's multiples do not reflect the strong growth that the company has seen or the strong returns that are inherent in its business.

MTY stock has declined 15% since recent highs in a move that provides investors with the opportunity to snatch it up at a bargain.

The company's continued acquisitions of new restaurant chains has driven an almost 200% increase in revenue in the last five years to $276 million in 2017, and a more than 200% increase in cash flows, driving increasing returns while maintaining a healthy balance sheet.

In fact, in the last 15 or so years, MTY has acquired and integrated more than 60 brands, doing so successfully and maintaining a healthy balance sheet and stock price, which has grown at a compound annual growth rate of 13%.

In summary, investors can begin to recession-proof their portfolios with these two consumer stocks that are relatively economically insensitive, selling food products that need to be purchased and will be purchased regardless of the economy.

A good bet for 2019.

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2. TSX:MTY (MTY Food Group)

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