Worried About a Recession? These Stocks Will Put Your Mind at Ease

Description

Just when it looked like the new year had a brand-new promising future, the whispering starts up again. A recession could be around the corner for Canada, but how can we as investors protect ourselves from it?

It might seem counterintuitive to start investing before a downturn, but if you're safe and savvy about it, looking for dips to invest in could be a way to give yourself a boost in the short term and some extra cash should a recession really hit.

So, what stocks paint such a rosy picture? Here are the ones I'd pick.

Bank of Montreal

Let's start simple and choose a Big Six Bank that investors can really get behind. **Bank of Montreal** (TSX:BMO)(NYSE:BMO) is strong option over the long term, and especially if Canada heads towards a recession. The bank has had strong growth in its U.S. expansion projects that should outweigh any downturn. In the short term, it'll need that U.S. growth if Canada also sees a housing crash.

There are two other reasons to choose this stock that link back to a recession. First, the bank has set a steady pace of growth over the past five years that investors should see as very promising looking to the future. Second, it has a great dividend of 3.84% at the time of writing this article that'll set investors up nicely even should a recession hit.

Canadian National Railway

Another strong stock that isn't going anywhere any time soon is **Canadian National Railway** (TSX:CNR)(NYSE:CNI). This stock is practically a must for any portfolio. The stock has been steady as a train since its initial public offering way back in 1996, and that includes through the last Great Recession of 2008.

So, with that historical performance in mind, investors shouldn't be shocked that this stock has a pretty hefty price tag: it's worth it. We're not looking for a sudden boom from this company; we're looking for continuous, solid gains over the long term. And you'll get that from CNR.

Should a recession hit relatively soon, investors will be able to breathe easy knowing they're also getting a 1.85% dividend from this company. That should keep your future finances right on track.

Enbridge

I'm not going to lie; I talk about **Enbridge** (TSX:ENB)(NYSE:ENB) a lot. The company is pretty much at the top of my list for strong energy stocks and is yet another blue chip that I would recommend buying and holding onto for decades. But this one is special because it's still at such a discount.

Investors have been wary to start buying oil and gas stocks again, and with pipeline approval still on the fence for many projects, I can see why. But not with Enbridge. The company has current projects that will maintain its cash flow for years to come, making its current share price of about $49 far below its worth of about $60 per share, according to analysts.

And, yet again, there is the healthy dividend investors can look forward to of a whopping 6%! That's a healthy amount of cash, even if the stock slumps again should a recession hit.

Bottom line

When a recession hits, let's face it: it sucks. Your investments will likely go down and there's not much you can do about it. By investing in blue-chip stocks like the Bank of Montreal, Canadian National Railway, and Enbridge, you stand a chance of not only gaining over the long term, but receiving quarterly cash payments that'll have you smiling even during an economic downturn.

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Author
alegatewolfe