2 Stocks to Protect You From the “R” Word

Description

You thought it was gone. That the slump in December was the end of it. But then slowly, you read the headlines, and there’s that word again.

Recession.

While it still isn’t a sure thing, there are a few warnings signs that hint that Canada could be headed towards a recession in the near future. So what, if anything, can you possibly do about it?

Well, right now is tax season, so you’re probably already looking over your books with a fine-tooth comb and seeing where you can save a little extra cash. If that’s the case, take that comb over to your investment portfolio and see whether your investments are a little riskier than they should be. Maybe it’s time to take those gains from cannabis and put them into something a bit sturdier.

If you’re ready to take that leap, then I would start with these two stocks.

Bank of Nova Scotia

It should be a no-brainer that if you want to help yourself through a recession, it’s a good idea to start with banks. Granted, during the 2008 Great Recession, all the banks were hit. However, banks are the ones doing the most amount of research to put your dollars where they need to be in order to make you, and them, as much money as possible.

So why **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS)? While it’s one of Canada’s Big Six banks, it ranks in third place among the largest banks in Canada. But honestly, in the case of a recession, I’d look for banks that have an investment in countries besides Canada. The bank is exposed to higher-growth emerging markets in Latin America that should protect it if a recession hits.

Besides a dip during the last recession, Scotiabank has been on a steady uphill climb since its initial public offering in 1995. It also offers two bonuses for investors: a cheaper share price and a healthy dividend of 4.72% at the time of writing this article.

Canadian Pacific Railway

Another steady investment that will keep going no matter what happens during a financial crisis is the railway, and **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) is a great way for investors to take advantage of the railway's strength as an investment.

Rail is seeing a boost right now due to the need to ship crude oil by rail while the country awaits pipeline approval. While that's bad news for the oil and gas industry, it's been great for companies like CP. But I wouldn't buy this stock simply for the recent news. This is a buy-and-hold-for-decades-type stock, with the potential to reach the $300 range in the next few years, even after a recession hits.

The company has a history of healthy finances, and a couple of years ago it had a shake up in its structure and process that put a lot of money back in investors' pockets. This should bode well for the company's future should you decide to invest in CP.

But what should really excite investors looking to wait out a recession is the dividend of 0.96%. That may not seem like much, but at a share price of about $272 at the time of writing this article, it definitely adds up. Also, the company stock has a three-year average dividend-growth rate of 21.5%, so investors can look forward to a growing dividend in the future.

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