2 Recession-Proof Investment Ideas — and 1 That's Out of This World

Description

Risk assets are out of favour at the moment, with central banks around the world cutting growth forecasts and ongoing geopolitical tensions weighing on the markets. An inverted Canadian yield curve and concerns over our deep exposure to U.S.-China tensions are adding further uncertainty for investors. After all, those two nations are our biggest trading partners.

Sentiment is turning decidedly bearish, with even some of the classically safe sectors taking a hit. Stocks are feeling the pinch globally, with demand for the majority of commodities down. Domestically, the trade dispute between China and the U.S. is arguably of the greatest concern, with **Bloomberg Intelligence** economists identifying 17% of Canadian growth as being vulnerable to the trade war.

But gold, energy, and banks are still safe, right?

This didn't seem to be the case this week, with stocks in all three sectors falling on lower prices in gold and oil, while some missed expectations pulled down the financials sector. While remaining bullish on Canadian bank stocks seems an almost a patriotic duty, the fact is that their dour performance on the **TSX** index this week has shown that they might not be such reliable safe havens during hard times after all.

Gold is likely to continue to be viewed as safe, even if prices in the yellow stuff keep grinding lower. For investors who are bullish on precious metals but still want to keep gold in their portfolios, the strongest gold stocks should be selected. The newly merged **Newmont Goldcorp** (TSX:NGT)(NYSE:NEM) seems a good choice here, given its size, geographical diversification, assets, and positive earnings outlook.

Utilities will also likely continue to be a safe haven, with **Fortis** (TSX:FTS)(NYSE:FTS) arguably the pick of the crop. Fortis has seen its share price climb since last October, as investors flew toward quality and defensiveness. Alternative energy is another attractive play, and is seen as a progressive growth sector in the utilities space.

Is this the defensive sector of the future?

An offbeat but intriguing idea might be to place a speculative bet on space industry. This week, NASA choose **Maxar Technologies** (TSX:MAXR)(NYSE:MAXR) to help build its gateway platform with a view to putting humans back on the moon by 2024. The tech stock surged on the news, only to plummet soon afterwards, however, with the latter movement possibly due in part to investor doubts surrounding the contract's actual fulfillment.

Multiple nations are suddenly taking an interest in the moon, and space mining looks set to be a major industry in the fairly near future. While Maxar Technologies' balance sheet, track record, and persistent undervaluation may not get investors overly excited, it's contracts like the one NASA just handed it that may eventually make stocks in the commercial space sector a compelling play for defensiveness, given the entire ethos of that area.

The bottom line

Down-to-earth investors may want to go through their portfolios and cut out any dead wood, while bulking up with the tried-and-tested tag team of gold and utilities. Indeed, the stressors pushing down on world markets this week have demonstrated just how hectic things could get later in the year, with markets exposed to a whole range of disruptive factors.

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TICKERS GLOBAL

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2. NYSE:MAXR (Maxar Technologies)
3. NYSE:NEM (Newmont Mining Corporation)
4. TSX:FTS (Fortis Inc.)
5. TSX:NGT (Newmont Mining Corporation)

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