Worried About a Recession? 3 Low-Beta Stocks to Protect Your Portfolio

Description

As well as the economy is doing, many people are still concerned that a recession could be around the corner. Higher interest rates combined with significant debt levels can definitely wreak havoc on the stability that we see today. However, if you're worried about a possible recession, there are three stocks below that could be great buys that don't go on the market's wild swings.

BCE (TSX:BCE)(NYSE:BCE) is always an attractive buy for its stability. Although it may be about as exciting as a bank stock, BCE can provide investors with a lot of predictability in its earnings, sales, and dividends. The blue-chip stock is a great option for investors that don't know what to invest in, as it offers a great dividend with minimal risk.

It's not a stock that I would expect to all of a sudden jump 10% or more, unless there was really earth-shattering news, such as an acquisition. Instead, BCE is likely to generate smaller, subtle returns over time. Even this year, while many stocks have been having terrific performances, BCE's share price has risen by just 10%. The stock has an average beta of 0.58, meaning that it will have very modest swings compared to that of the markets.

Canadian Utilities (TSX:CU) has averaged an even lower beta than BCE over the past three years, coming in at just 0.45. However, unlike BCE, it has had a strong performance year to date, as its share price is up by more than 20%. And despite the rise in price, it still trades at attractive value multiples of 2.1 times its book value and 17 times earnings.

With operations in Canada, the U.S., and Australia, Canadian Utilities is not as regional as its name suggests. That diversification has helped the company provide investors with stable sales and profits over the years.

Investing in a utility provider is always an attractive option for low-risk investors, since it's something that's a day-to-day necessity that can't simply be cut out of a family's budget. On top of the stability and value that Canadian Utilities offers, it also pays investors a solid dividend of around 4.4%.

Cineplex (TSX:CGX) might be a surprise for this list, but the company known for its movie theatres has proven versatile over the years and adaptable to changing customer trends. While it may not present terrific growth opportunities for investors, the company has proven to be stable over the years, generating profits in each of the past five years and also seeing sales rise over that time as well.

Even in a downturn, going to the movies is still a fairly cheap entertainment option that could still have widespread appeal for people that don't want to just stay home. Despite the rise of streaming options, Cineplex's results speak for themselves and suggest that there's still significant demand in the industry.

Cineplex has averaged the lowest beta on this list at just 0.25. Although the stock has fallen more than 20% over the past year, I wouldn't expect that trend to continue given the strong fundamentals the stock still has and the stability it offers.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:CGX (Cineplex Inc.)
4. TSX:CU (Canadian Utilities Limited)

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