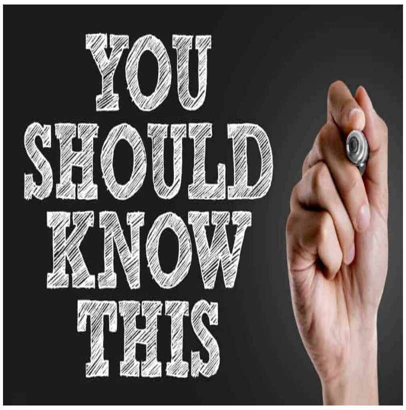

Buy This Dividend Stock to Beat a Canadian Recession

Description

Recession: the word is on every investor's lips at the moment, whether they think it's an eventuality or not. While pundits may be divided as to the efficacy of such indicators as inverted yield curves, unemployment rates, housing data, and loan delinquency to accurately signal a deep and widespread correction, the fact is that fear is stalking the markets and driving investors towards classically defensive assets.

Ten years have passed since the last recession — a particularly heinous one from which some sectors still have yet to recover fully. The next one could come from a familiar source: the United States. It's a fact that the U.S.-China trade war has spooked the markets in a way that few modern international disputes have in few years. The Iran situation has the potential to bubble over into something altogether more disruptive.

Where do investors hide ahead of a downturn?

There are a few classically safe assets to hide when the markets undergo significant turbulence. Beyond safe-haven commodities such as gold, which carries with it its own degree of volatility, there are the usual suspects: apartment real estate investment trusts, electricity utilities, discount grocery outlets, and other consumer staples. While fast food isn't always included in this list, there's certainly an argument for its inclusion.

That's why the news that **Restaurant Brands** (TSX:QSR)(NYSE:QSR), owner of Tim Hortons and Burger King, will be pushing its Popeyes brand deep into the Chinese market is so exciting. With an outlined 1,500 restaurants due to open in the Asian powerhouse during the course of the next decade, Popeyes is the latest in a string of Chinese market invasions by the Tim Hortons owner.

While the push is subject to regulatory overlook, the news has seen an improvement in the parent company's share price, up a few percentage points in the last week. Paying a 2.68% dividend yield, it's a stock worth adding to a long-term portfolio built around passive income.

Is a recession really that likely?

While investing in food has its own challenges, it's certainly a safer play than oil, which could see significant price massaging in the event of a real-world conflict between our closest trading partner and any number of emerging economic powers. Indeed, if runaway oil prices began to impact the market, growth could slow and quickly precipitate a severe global correction in the markets.

Along with *recession*, another flash word doing the rounds right now is *debt.* Among the biggest worries at the moment for market observers is the increasing debt load shouldered by Canadian households, but also by Canadian businesses and even governments. Consumer confidence could be bolstered by fiscal stimulation, though the capacity to boost growth from the top down is limited.

The bottom line

When the going gets tough, the tough tighten their waistbands and cut down on their expenditures. This is where fast food comes in, and why stocks like Restaurant Brands offer a potentially lucrative play for investors eyeing the country's macroeconomic data with some alarm. As an industry that could actually improve during a recession, the budget takeaway sector may be a rewarding target for cautious investors.

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