2 Defensive Stocks Seeing Positive Movement This Week

Description

Two stocks on the **TSX** stood out at the start of the week with investor sentiment favouring clean energy and consumer staples. Are they a buy?

Saputo

Saputo (TSX:SAP) was looking decidedly down-in-the-mouth this summer, dropping more than 10% back in June on a disappointing Q4. Still, the stock is a relatively good play for value at the moment, and a wide-moat choice for consumer staples investors.

While the vegan movement has been rocketing with the likes of meatless burgers taking off in stores and restaurants, there's still money to be made in the dairy industry.

One of the three biggest cheese producers in the U.S. market as well as at home in Canada, Saputo has carved an array of niches for itself in key markets at home and abroad.

Saputo is also nicely diversified across its client type, with around half its business going to retail customers and the rest split between food service and industrial customers. Going forward, Saputo's main battle may be to retain market share, so investors will have to weigh the risk of shrinking margins.

However, a market increasingly seeking the relative safety of consumer staples makes Saputo stock a tempting play at the moment. It's also a company still very much in acquisitions mode, an encouraging thing to see in the current economic climate, especially for investors looking to buy-and-hold.

One canny deal stands out in particular: seeking to extend its reach into Brexit-bedevilled Britain, Saputo has agreed to snap up British dairy asset Dairy Crest for around $1.6 billion earlier in the year.

This kind of play strengthens Saputo's operational advantage in the U.K., and positions the Canadian dairy producer in a controlling role in a key foreign market.

Cameco

Cameco (TSX:CCO)(NYSE:CCJ) was also up at the start of the week, with single figure gains over the last five days. It remains a very attractive stock for value investors seeking exposure to what could be an extremely lucrative sector once more governments and regulating bodies get on board and new reactors start to come online.

A re-animated nuclear industry is looking like a distinct possibility as both economic and environmental concerns weigh increasingly on the energy sector.

What makes Cameco such an interesting play at this stage is its highly maneuverable and adaptive business model. Though it has reduced production in recent years due to a stalled uranium market, it is well able to open shuttered mines and to buy out smaller producers.

For anyone interested in a one-stop shop, Cameco's uranium conversion and fabrication sites add to the stock's buy signal, making it a go-to for investment in the uranium space.

The bottom line

These are interesting times we're living in, and what's particularly interesting during market turbulence is seeing what's popular. With Cameco and Saputo seeing gains at the start of the week, it's clear that a trend is developing with investors seeking defensive assets.

Both stocks are recession-proof and should be considered for a long-term portfolio centred around passive income.

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