Worried Sick About a Recession? Gold and Power Is the Cure

Description

When it comes to investing, there's nothing worse than panic. You may have had an incident where you sold shares in fear, only for it to climb back up afterwards and you lost a great opportunity.

However, it also pays to be cautious, and the current atmosphere calls for great caution in the stock market with the looming recession fears.

Whether or not a recession s not imminent, you can still make money by making the right decisions for the moment. Based on history, the most stable industries are defense, gold, and energy, and these are some of the companies to keep an eye on.

Gold is a safe haven

While the stock market has been taking a hit, gold has been rising in value consistently for the past three months. This is not a surprise because gold has always been a haven asset during times of economic uncertainty. Poised to benefit from this rising demand for gold is **Kirkland Lake Gold** (TSX:KL)(NYSE:KL).

This company's stock has already appreciated by over 75% since the beginning of the calendar year on the back of rising gold prices. But what makes Kirkland Lake Gold the best choice are its financials.

In the most recent financial earnings report, revenue was up by 31% and net income by 69% during the quarter, showing how well the company has been doing.

One number may be troubling you, however: P/E ratio of 26.84. A higher P/E ratio is not necessarily a bad thing, but it probably has you wondering why you're paying $26.84 per $1 of trailing-year profits. Well, the company has a promising future when supply and mining costs are considered.

So far this year, 450,000 ounces have already been mined with a target of a million ounces by the end of the year. As well, mining costs have been lowered by 29%, and liabilities are a mere $250 million against $2 billion in assets.

All these make KL unlike many other gold mining companies and therefore the most promising to investors even through a recession.

A stable energy company

You probably saw this one coming, or it was already on your mind. Whatever the case, **Fortis** (TSX:FTS)(NYSE:FTS) has been one of the most popular stocks for long-term investment because of its stable returns in previous decades.

At a dividend yield of 3.3%, it is the dividend stock of choice among mutual funds and ETFs. With the fears of a looming recession, investing in an energy industry stock like this should be the way to go because people will still need electricity even in the worst economic situations.

On the other hand, this stock is quite pricey after climbing about 30% year to date, which might be a problem. But this is not the stock that one would expect to have a bad quarter, so you would have no option but to bite the bullet knowing you can always count on Fortis for stability.

A growing power company

Here's another company in the energy industry stock with just as much potential and promise. **Capital Power** (TSX:CPX) shares have grown by about 70% in the past three years, and that's before including dividends. When accounting for dividends, the total shareholder returns (TSR) rises to 108%, making this a well-performing stock.

It is also similar to Fortis in that people will always have a demand for electricity, and thus you can expect great returns even in a recession. In the past year alone, TSR has been 33%, illustrating that CPX has performed even better this past year.

To boost investor confidence, insiders have also been buying shares, and this is always a good sign about a company's outlook.

What now?

These are just some of the most exciting companies with stable returns that can be anticipated even through a recession.

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