Worried About a Recession? These 3 Stocks Will Protect Your Money

Description

Recession talk is officially back, with many prominent investors retreating from the stock market into safer alternatives.

The **TSX Composite Index** been weak since setting a new all-time high back on September 23, seemingly falling every day since. Tuesday was a particularly rough day, with Canada's top stock benchmark falling some 1.3%. That's a decline of more than 210 points.

U.S. markets are seeing similar reactions after the Institute for Supply Management told investors that U.S. manufacturing activity fell to the lowest level in the last 10 years, marking the second consecutive month of contraction.

Investors fear this is an early warning sign of a recession down south, which would undoubtedly impact Canada in a big way.

If you share these beliefs and feel a recession is imminent, the time to position your portfolio is now. Here are three defensive names that will protect your money as the rest of the market craters.

Rogers Sugar

During bull markets, nobody wants anything to do with the boring sugar business. It's during bear markets where **Rogers Sugar Inc.** (TSX:RSI) shines.

There isn't much growth left in the sugar sector, at least in Canada. It's a mature business controlled by Rogers and privately-held competitor Redpath. Tariffs and other protective measures keep competition out.

Rogers did try to add a little growth to its business by expanding into maple syrup, but that isn't really going to plan. That division has reported lackluster results, and is likely to impact earnings over the next few quarters, too.

Investors who purchase today are buying at an attractive long-term valuation, paying just 13 times earnings on a bottom line that should increase when the maple syrup division recovers.

The company also pays a great dividend, $0.09 per share each quarter. That's enough for a 6.8% yield today, an excellent payout during tumultuous markets.

Metro

Not only is **Metro Inc.** (TSX:MRU) a great choice in choppy markets — grocery stocks usually are — but it has also performed well in bull markets, quietly turning a $10,000 investment made 15 years ago into something very impressive.

I'm constantly impressed with Metro's management. The company has both high-end and value brands, smartly capturing both segments of the market.

Its stores are clustered around the Toronto to Montreal corridor, a part of Canada that's growing at a nice pace. And its recent acquisition of Jean Coutu pharmacies is performing well.

New innovations include the recent launch of an online grocery service, which includes delivery in major markets. This should see tremendous growth as busy folks in Montreal or Toronto gladly pay a fee to avoid going to the store.

Finally, Metro has quietly accumulated one of Canada's best dividend growth streaks. It has increased its payout 25 consecutive years. The current yield is 1.4%.

BCE

Canada's telecoms have proved to be recession-resistant in the past — a reputation that will likely serve them well during the next downturn. Things have to get pretty bad before you give up your cell phone or internet connection, which bodes well for **BCE Inc.** (TSX:BCE)(NYSE:BCE) shareholders.

BCE has a lot going for it. Its wireless network is among the nation's best, which protects it from new competition. Although the cable business is declining, BCE continues to grow that division by increasing prices and offering perks — such as its video streaming service, Crave — to keep customers from cutting the cord.

It also owns some interesting media assets, including stakes in three of Canada's most valuable sports franchises.

Although BCE shares trade at close to a 52-week high, the company is still fairly valued today. Investors can sit back, relax, and collect BCE's impressive 4.9% dividend.

Similar to Metro, BCE has an impressive history of increasing its dividend annually; investors should be able to expect annual raises of approximately 5%, even through a recession.

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nelsonpsmith