2 TFSA Stocks to Guard Against a Market Crash

Description

Beer and chocolate are the best consumer products to invest in when market bears are screaming that a recession is on the horizon.

People need these two consumer staples more than ever in a recession. You might as well be investing in a utility stock. These vices are set to have a good year regardless of the economic climate.

If the bears are wrong, and investors don't need to secure their savings in these safe havens, strong economic growth will still boost earnings.

Aspiring Canadian retirees will do best to invest and forget their savings for the next 25 years than to actively manage their portfolios or pay high fees at a brokerage firm to have a professional handle the funds.

Molson Coors Canada (TSX:TPX.B)(NYSE:TAP) is one of the top specialty beer companies on the TSX. Canadian Tax-Free Savings Account holders would do well to invest in this dividend stock while it is issuing dividends at a 3.11% annual interest.

Anheuser-Busch InBev Merger sparks growth

The company is doing much better, having brought up its earnings to $4.5 million from the $170 million loss reported in 2015. But is it a good time to buy?

It may be misleading to look at the financials of this company alone without considering the direction the business is headed. Granted, the company only seems to be breaking even. Nevertheless, Canadian shareholders should also look at the success of its partner corporation, **Anheuser-Busch InBev**, the maker of Budweiser, before writing off this dividend payer.

In 2016, a struggling Molson Coors merged operations with Anheuser-Busch.

Naturally, the merger created undue excitement in the stock market. Investors drove up the price on

Molson Coors Canada stock to over $140 per share by November 2016. Since then, the stock price has been correcting down to its current $76.50 level as of writing.

Anheuser-Busch captures investor interest

Great dividends and exciting business development plans drove up the price on Budweiser stock the past year. Still, with an annual dividend yield of 3.56% at its current market value of $92.59 per share, Anheuser Busch Inbev may again do well going into next year.

Molson Coors is cheaper with a price-to-earnings ratio (P/E ratio) of 41.64 versus the higher 43.79 for Budweiser. The ratio of price to a company's earnings divides the per-share income into the current stock price. Thus, Molson shareholders are paying $41.64 for every $1 of the company's earnings.

While this is a high P/E ratio compared to many other industries, the alcohol industry may be able to pull it off, especially in a volatile market. People are scared, and beer looks like a safe place to hide.

Foolish takeaway

Vice stocks like beer and chocolate will come out ahead regardless of which direction the economy is headed.

Canadian investors need to remember the number one rule of investing — never buy stocks with money you may need in the next five years. Always have at least six months of your salary set aside in a high-interest savings vehicle like a short-term GIC. Anything leftover is safe to put in long-term assets like stocks.

Pick reliable dividend payers that will be still be leading the market in 25 years like Molson Coors and Anheuser, and you'll retire in style.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:TAP (Molson Coors Beverage Company)
2. TSX:TPX.B (Molson Coors Canada Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date
2025/08/18
Date Created
2019/10/09
Author
debraray