



3 Recession-Proof Stocks to Buy for 2020 Market Crash

Description

Many economists are predicting a recession in 2020. In a bear market, you need to invest differently than in a bull market, as most stocks are falling. You should take a defensive approach by buying stocks that are less impacted by a market downturn.

Stocks in the mining, food, and utilities sectors are defensive stocks that can protect your portfolio from suffering major losses. For that reason, **Franco-Nevada** ([TSX:FNV](#))([NYSE:FNV](#)), **Metro** ([TSX:MRU](#)), and **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) are three good recession-proof stocks.

Franco-Nevada

Precious metals mining and trading companies offer protection against a recession as the underlying asset, such as [gold](#), is considered as a safe-haven asset.

Franco-Nevada operates as a gold-based royalty and stream business in the United States, Canada, Latin America, Australia, and Africa. The company also holds interests in silver and platinum, as well as in oil, gas and natural gas liquids. It collects royalties and streams on properties operated by some of the world's most renowned mining companies.

While Franco-Nevada doesn't take a share, it extracts a portion of the gold production from the miners it finances. This off-take is generally made at cheap prices.

The assets of the company are well diversified, so Franco-Nevada is not economically dependent on any particular asset. Its business is high margin with a strong balance sheet that enables the company to generate cash even during commodity cycle downturns.

At the current price, the stock has a dividend yield of 1%. Franco-Nevada has been raising its dividend for 12 consecutive years.

Metro

Owning stocks in the food sector is always a good idea when the market slows down. While it won't be the fastest-growing stock in a bull market, it usually does pretty well in a bear market. People won't stop buying food because the economy is slowing down. So, a grocery stock like Metro offers you [stable returns](#) over a long period.

As a leader in food retailing, Metro benefits from its well-known brands, significant presence, and ongoing investments. Following the acquisition of Jean Coutu, the company is well positioned to expand its presence in the pharmacy market and meet the needs of consumers.

Metro aims for long-term growth through the successful integration of Jean Coutu's business, the enhancement of the customer experience, the modernization of its distribution network, and the growth of electronic commerce.

A steady flow of cash flow from a consumer-driven business and ongoing investments should support the company's dividend growth in the future. The current dividend yield is 1.4%, and Metro has been raising its dividend for 24 years.

Brookfield Renewable Partners

Utilities are a defensive investment during a recession because they are safe, stable, and offer a constant cash stream through dividends.

Brookfield Renewables is a public utility focused on the production of renewable energy. The company produces electricity from hydro, wind, solar, co-generation, and biomass sources.

It has a portfolio of renewable power generation facilities, primarily in North America, Colombia, Brazil, Europe, India, and China. Its portfolio includes approximately 17,400 megawatts of installed capacity and \$47 billion of power assets. Brookfield Renewables is one of the largest public pure-play renewable energy companies.

In an earnings call, BEP stated: "We believe the business is well-positioned to deliver strong results during all points of the economic cycle... Should the markets weaken, we believe our strong balance sheet, our liquidity, our robust asset sales program, and access to capital will reduce the need to issue equity to fund growth. Accordingly, we believe we are one of the few companies in this sector with the strategy and the financial flexibility to benefit during periods of both market strength and weakness."

The current dividend yield of the stock is generous at 4.8%, and the company has been raising its dividend for nine years.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:FNV (Franco-Nevada)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:FNV (Franco-Nevada)
5. TSX:MRU (Metro Inc.)

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