



The Best Stocks to Buy in a Market Crash

Description

When the economic cycle plays itself out and there are [signs that economic growth is slowing](#), markets falter. When valuations are stretched and market sentiment starts to turn more bearish, markets falter.

When you have both of these situations occurring simultaneously, as they are today, we can easily come to the conclusion that not only will markets falter, but that they will also crash.

Against this backdrop, we would ideally begin to prepare and position our investment portfolios to minimize the damage and hopefully even do well. This means focusing on [companies that are insensitive to economic cycles](#), such as consumer staples companies, as well as companies that have strong balance sheets and strong cash flows.

With this, I will move on and discuss the best stocks to buy in a market crash.

Metro Inc.

Metro Inc. (TSX:MRU) checks all of the boxes. As a leading food and pharmacy retailer in Canada, with more than 600 food stores and more than 650 drugstores, Metro's business is pretty much insensitive to the ups and downs of the economy. We have to eat and we need our medication regardless of anything else.

Backing this \$13.6 billion company, we have a strong balance sheet, a relentless focus on cost-cutting and efficiencies, a strong history of dividend payments, and a growing dividend that's easily covered. In the last 10 years, Metro's dividend has grown at a compound annual growth rate of almost 4%.

This growth has accelerated in recent years as the company has continued to grow and expand. The dividend was increased by 16% in 2017 to \$0.65 per share, by 10.8% in 2018, and by 11% in 2019, to the current \$0.80 per share.

Switching gears to the stock price, an analysis of the last 10 years shows that Metro has been a stable, strong investment as compared to the **S&P/TSX Composite Index**. Metro's 10-year stock price return

is 402% compared to the index at 44%. Furthermore, in periods of market weakness, Metro shares moved in the opposite direction. This is what makes Metro stock one of the best stocks to buy in a market crash.

BCE Inc.

BCE Inc. ([TSX:BCE](#)) also ticks all of the boxes. This company is protected by high barriers to entry, is insensitive to economic cycles, and has tremendous balance sheet strength. BCE generates pretty sticky and recurring revenues for its telecommunications network, and this is the type of business that is also pretty insensitive to economic weakness.

While not as immune as a grocer or pharmacy retailer, telecommunications are considered an essential part of our lives, so would be one of the last things to cut in economic downturns.

Armed with a powerful balance sheet and strong cash flow generation, BCE is well positioned to continue to build out its network for the future. In the second quarter of 2019, BCE generated over \$1 billion (+10%) in free cash flow, which follows 2018 free cash flow of more than \$3.6 billion.

This leaves BCE with ample firepower to build out their FTTH (fibre to the home) network, using optical fibre instead of existing copper infrastructure.

In the last 10 years, BCE has increased its dividend by 117% to the current \$3.17 per share. The latest increase was a 5% increase, and the current dividend yield for BCE stock is a generous 4.9%.

Foolish bottom line

The markets are trading near all-time highs, interest rates don't have much lower to go, and trade wars and geopolitical risks are running high. The risk of a market crash is high these days.

Ideally we want to position our portfolios to be as immune to this as possible. Start with the two stocks listed in this article, as they are both very defensive and among the best stocks to own in a market crash.

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