



## 3 Recession-Ready Stocks to Buy This October

### Description

Are you wondering what to do with your money to prepare for the next market crash?

Conventional wisdom says that you should move into low-risk assets when the market takes a downturn. The most commonly recommended assets for such situations are T-bills, GICs, and short-term bonds. With the returns on these securities being risk-free or very close to it, they are the absolute “safest” bets you can make.

However, over a long-term time frame, bonds have never outperformed stocks — at least not in North America. While recessions always happen sooner or later, the subsequent recovery is just as guaranteed, and those who have at least a portion of their portfolio in equities end up being rewarded. Nevertheless, if you’re worried about a recession, it helps to buy stocks that are particularly well suited for such conditions. The following are three of the best currently trading on the TSX.

### Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a utility company with subsidiaries in [Canada, the U.S., and the Caribbean](#).

With over 3.3 million customers, a \$24 billion market cap, and over \$8 billion in annual revenue, it’s a massive company for its industry.

Like most utilities, Fortis benefits from a relatively recession-proof revenue stream. Heat and light are among life’s bare essentials, which mean that people don’t cut them out even in the worst of times. That combined with the extraordinarily high barriers to entry in the utility industry give Fortis an impenetrable economic moat.

Beyond that, Fortis has outperformed the average Canadian utility, beating the TSX utilities sub-index by 40% over the past five years. The stock pays a dividend that yields about 3.4% and has an impressive [46-year track record of increases](#).

## Dollarama

**Dollarama** ([TSX:DOL](#)) is a dollar store chain that rose from humble origins to become the biggest dollar store in Canada. This company was once a phenomenal growth story that routinely grew earnings at 20% or more year over year. More recently, growth has been slower. However, the stock is still possibly a good defensive play for a recession.

During recessions, people start looking for ways to cut costs. One of the ways they do this is to find lower-cost alternatives to things they're already buying. Stores like Dollarama are well equipped to fill the demand, with low-cost cutlery, kitchen supplies, and groceries. Although Dollarama's selection is limited, many items there are cheaper than can be found anywhere else — even **Wal-Mart**. This means that the company could see increased business in the event of an economic downturn.

## BCE

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is one of Canada's largest telecommunication companies, providing cell, internet, and TV service across the country. It also owns the TV station CTV. Over the past four years, BCE's earnings have been flatish but stable. Its subscriber growth has been more impressive: in 2018, it added 143,000 net subscribers.

Telecom services like cell and internet are becoming an increasingly indispensable part of modern life. In the last recession, it was reported that cell and internet subscribers never cut their service, but instead moved into cheaper plans. If another recession occurs, it's possible that many Bell customers could drop the "add-ons" from their plans (i.e., unlimited texting, six-gig data plans), but it's unlikely that they'd cut service completely. Accordingly, BCE could see a decline in revenue if a recession hit, but the pain wouldn't be as pronounced as with other companies that sell "optional" luxury or comfort products.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:DOL (Dollarama Inc.)
5. TSX:FTS (Fortis Inc.)

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