2 Top Defensive Stocks to Buy Today

Description

Recent data from the International Monetary Fund (IMF) has shed light on slowing global growth. Economists are not calling for a full-blown recession, but troubling signs are emerging that investors should not ignore.

Fortunately, there are ways for investors to prepare for broader headwinds.

Today I want to look at two defensive stocks on the **TSX** that can provide protection in your portfolios in the event of economic turbulence. These equities offer much-needed stability in the event of a pullback. It's useful to target stocks in sectors that consistently perform regardless of broader economic conditions.

Some of these sectors include consumer staples, utilities, health care stocks, and apartment REITs. Let's dive in and focus on two defensive stocks right now.

Hydro One

Utilities are a great defensive hold, as they provide essential services to consumers. **Hydro One** (TSX:H) boasts a monopoly in the province of Ontario. Shares have climbed 23.6% in 2019 as of early morning trading on October 23. Hydro One is trading just off its 52-week highs, but I still like the stock as a quality buy-and-hold in the fall.

The company is set to release its third-quarter 2019 results on November 7. In the first six months of 2019, Hydro One has posted adjusted basis earnings per share of $0.78 over $0.68 in the prior year.

The stock has surged in 2019, but shares still possess a price-to-earnings ratio of 15.9 and a price-to-book value of 1.5, putting it in solid value territory relative to industry peers.

Hydro One last paid out a quarterly dividend of $0.2415 per share, which represents a 3.9% yield. The company has hiked its dividend in every year since its initial public offering.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is a Laval-based company that owns and operates convenience stores around the world. These retail outlets have demonstrated robustness during periods of economic turbulence.

So-called "sin stocks" get a lot of the press as recession-proof, but history shows us that it's the purveyors of small pleasures like snacks, cigarettes, and alcohol that have success during these periods.

Shares of Alimentation Couche-Tard have climbed 16.3% in 2019 as of morning trading on October 23. Over the past 10 years, the stock has achieved average annual returns of 28%. The aftermath of the great recession has seen the company undergo significant expansion.

In the first quarter of fiscal 2020, the company reported net earnings of $538.8 million — $0.95 per share compared to net earnings of $455.6 million, or $0.81 per share in the prior year.

Total merchandise and services revenue increased 1.6% year over year to $3.6 billion. Alimentation continues to expand as it has 32 stores currently under construction and set to open in the coming quarters as of July 21, 2019.

The stock currently offers a quarterly dividend of $0.125 per share at writing, which represents a modest 0.6% yield. The company has achieved dividend-growth for six consecutive years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:H (Hydro One Limited)

PARTNER-FEEDS

1. Business Insider
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