



## 2 Stable Stocks to Buy Before a Recession Hits

### Description

Are you worried about what you should do to protect all your hard-earned money from the ravaging effects of the next market crash?

Stock markets all over the world have seen some horrific times in the past. From scary bear markets to full-blown recessions, the TSX has experienced some horrible phases. You would like to think that investors might have a fool-proof plan to protect their savings from difficult times. When a recession hits, most investors start to panic.

Based on conventional wisdom, in times when the market is unstable, you should move your investments into low-risk assets. In a state of panic, many investors go on a frenzy of selling. They start investing in alternative assets like short-term bonds, GICs, and T-bills. Returns on those assets are risk-free, so it makes sense that investors go for them.

I, however, would argue the long-term merits of investing in those “risk-free” securities. If you consider a longer timeframe, stocks have always outperformed bonds in North America. Recessions happen from time to time. And then the stock markets recover.

When the recession recovery takes place, the investors who had at least a bit of their investment portfolio intact seem to earn the rewards. I think buying stocks well-suited to bear the bear markets during the recession is a smarter way to go. To this end, **Dollarama Inc** ([TSX:DOL](#)) and **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) stocks are worth considering.

### Bell Canada

If there is one thing that people will still need to use during times of recession, it is their cell phones. They will also need the internet and to watch TV. All three are necessities as important as any other, even during times of recession. Enter Bell Canada Enterprises, the largest Canadian telecommunications company.

Companies that offer cell phone coverage and the internet are becoming increasingly important in our

lives today. During the recession of 2008, reports indicate that telecom providers never cut services off. They chose to provide cheaper plans to consumers instead. In case of a downturn, BCE might suffer a slowdown as its customers decide to reduce their spending.

The only thing is, Bell will never cut off services because it provides an essential service to its customers. The telecom company is likely to see a decline in revenue in case of a recession. Still, it would not be as bad as with other companies that sell luxury commodities. BCE seems like a company that can [insulate your portfolio](#) in a market crash.

## Dollarama

Dollarama is a well-known dollar store chain in Canada. Starting from the humblest of beginnings, Dollarama has become a household name in the country. Over the years, Dollarama has established itself as the most significant dollar store chain in Canada. At one point, the company was considered to be a remarkable story of growth as it grew 20% or more every year.

Recently, the growth has slowed down. Still, I feel that Dollarama's stocks are potentially an excellent buy to prepare for a recession. In challenging economic conditions, people want to cut their costs as much as possible. One of the best ways to reduce spending is to find more cost-effective places to buy the things they need. This is where demand for Dollarama comes in.

Stores like Dollarama are [perfectly equipped](#) to fill the demand of the masses. Dollarama has some of the lowest-cost groceries, kitchen supplies, and other essential consumer staples. Dollarama may not have the kind of catalogue of products that **Wal-Mart** does, but it has most items you might need for a cheaper cost.

## Foolish takeaway

In times of recession, investors should consider investing in companies that are least likely to go belly up. I think both BCE and Dollarama are businesses that provide essential services. I would suggest that you take a closer look at both companies and consider adding stocks from both to your investment portfolio to reap the benefits once the recession is over and the dust settles.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:DOL (Dollarama Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Msn
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4. Sharewise
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