1 Dividend Stock Is All You Need to Survive a Recession

Description

Surviving a recession is foremost in the minds of investors. If it worries you too, you should be looking to invest in a dividend stock whose business will not struggle, that will perform well, and will still pay a healthy dividend.

Telecom giant **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) is the stock that offers security amid economic downturns or recessions. Even if this stock is your only anchor, you can survive a recession.

Defensive nature

Market analysts opine that Canadian telecoms are better investments compared with their U.S. counterparts. The local companies are better managed run and do not invest heavily in media, as the sector today skews more toward communications.

But the top pick among the top three industry players is Rogers Communications. This $31.22 billion communications and media company is a safe spot to counter the ill effects of a recession. You're investing in a defensive-oriented company.

There is persistent demand for its products and services regardless of the market environment. The internet and wireless services in particular can be considered an important and valuable need.

Overall return

Rogers has the best suite of assets in both telecommunications and wireless. It provides you the highway to the internet and wireless technology. More so, Rogers's five-year return is 70%, while the two other big players didn't deliver higher than 24% during the same period.

As of this writing, the stock is trading at $61 and is down 10.88% year to date. If you look at the price swings of telecom stocks, they're typically tame. Analysts are even forecasting the price to climb by

46% in the months ahead. The dip could be a buying opportunity given the potential upside.

The stock pays 3.13%. Assuming you have $10,000 to invest in Rogers, your total return within 10 years, including dividend reinvestment, is 179.03%. That would translate to an average annual return of 13.01%.

Sustainable operations

Since your goal is to survive a recession, investing in a business with sustainable operations is the rational option. It's a given that the performance of Rogers does not correlate with economic cycles. The company will continue to generate revenue, profit, and cash flows, no matter how the Canadian economy is doing.

There will be ups and downs along the way, but you will be immune to them. People are likely to retain their mobile services during a recession. They need to be connected all the time.

Captive market

The threat to Rogers is not the looming recession but increasing competition. After announcing its third-quarter results, the company reduced full-year revenue guidance. The downward adjustment was due to customers' fast adoption of Rogers's Infinite, unlimited data plans. Rivals are offering similar plans.

While the unlimited plans will negatively impact revenue in the short term, the company needed to maintain its captive market. Your real comfort in this dividend stock is that communications is an essential utility these days. Rogers is a trusted brand in the industry and is built for agility to pull through a recession.

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Date
2025/08/24
Date Created
2019/10/28
Author
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