



1 Stock That Can Recession-Proof Your TFSA

Description

Last month I discussed some of the [warning signs](#) that have emerged for the global economy. According to the World Trade Organization (WTO), trade activity has plummeted to the lowest levels reported since the great recession. While most nations enjoyed robust growth in 2018, this year has seen roughly 70% of countries post a year-over-year decline.

At its recent meeting, the Bank of Canada held its benchmark interest rate at 1.75%. However, it suggested that the global economic situation had worsened since its previous meeting. The odds of a rate cut from the BoC have risen dramatically in recent weeks, which would line up with previous predictions that had the central bank proceeding with a downward move in early 2020.

A late-2019 economic report from RSM Canada, a tax and consulting firm, projects that Canada is in for a rough ride when it pertains to its GDP growth in 2020. This is largely due to the global manufacturing slowdown. RSM affirms that global trade tensions and trade wars are the main reason Canada will be forced to wrestle with this reality.

Worse yet, the limited U.S.-China trade deal is starting to hit snags. The sides have already cancelled the November 16-17 meeting of the Asia Pacific Community (APEC) where analysts had hoped a deal could be signed.

Rather than fret over the possibility of a coming recession, investors should get proactive. Today I want to look at a TSX-listed stock that can be relied on in a turbulent environment.

Look to recession-resistant sectors

Investors [often look to gold](#) during tough economic times, but there are certain sectors that have been historically resistant to broader turbulence. Beer, wine, and distilled beverages are high-margin products that enjoy steady global demand. Spending can soften as consumers go out less often but purchases for home use have historically experienced an uptick.

Andrew Peller ([TSX:ADW.A](#)) is a stock to consider as economic headwinds build up. The Ontario-

based wine producing company has seen its stock drop 9% in 2019 as of early afternoon trading on November 6. Over a five-year period, shares have achieved average annual returns of 21%. Another promising trend has been the shift for young alcohol consumers away from beer and into wine and spirits.

The company is set to release its second quarter fiscal 2020 results this afternoon. In the first quarter, Andrew Peller reported that net earnings rose 16.5% year-over-year to \$8.8 million or \$0.20 per Class A share. Earnings before interest, tax, depreciation, and amortization climbed to \$18.4 million over \$15.8 million in Q1 fiscal 2020. The company has poured investments into sales and marketing, which it expects to pay off big in the coming quarters.

Andrew Peller stock possessed a price-to-earnings ratio of 21 and a price-to-book value of 2.2 at the time of this writing. Shares last had a relative strength index of 31, putting it just outside of technically oversold territory. Class A shares last paid out a quarterly dividend of \$0.0538 per share, representing a modest 1.7% yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ADW.A (Andrew Peller Limited)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
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