



TFSA Investors: 3 Recession-Proof Stocks for Your Portfolio

Description

When the markets are trading at record highs, investors are advised to remain cautious rather than aggressive. Right now, there are concerns over a slowing global economy. The yield curve that inverted six months back in August 2019 has kept investors anxious.

So, where do you park your funds in case recession fears come true? Here are three stocks that I believe are recession-proof.

Barrick Gold Corp.

Gold stocks are considered [a viable option for a recession](#). Gold has been a defensive asset for quite some time, with a distinct correlation between a market crash and the prices of gold.

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is a gold mining company and should be on the radar of defensive investors. The increase in gold prices will help Barrick Gold boost profit margins. In 2020, the company expects to produce close to 5.6 million ounces.

Company sales are expected to rise from USD \$7.24 billion in 2018 to USD \$9.27 billion in 2019 and USD \$11.16 billion in 2020. Analysts also expect Barrick's earnings to rise by an annual rate of 20.5% over the next five years.

Driven by strong revenue and earnings growth in 2019, Barrick Gold has looked to reduce its debt balance, which stood at \$6.5 billion in 2016 and fell to \$5.5 billion at the end of the September quarter. The stock has already gained close to 50% in the last year and could continue to move higher in 2020 as well.

Canadian Utilities

Another sector that's considered recession-proof is utilities. One domestic giant investors can bet on is **Canadian Utilities** ([TSX:CU](#)). Spending on utilities is top priority even in a recessionary environment.

or in a period of high unemployment rates.

Canadian Utilities has a market cap of \$11 billion. Analysts expect company sales to fall from \$4.37 billion in 2018 to \$4.19 billion in 2019 and \$3.7 billion in 2020. However, revenue is then expected to grow to \$3.81 billion in 2021.

The stock is attractive to income investors, with a forward dividend yield of 4.3%. Canadian Utilities has [increased dividend payouts](#) for 47 consecutive years. With a payout ratio of 46%, it has enough room to increase payments going forward.

Waste Connections

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) is a solid waste services company in North America. It provides waste collection, transfer, disposal and recycling services. The company generates 85% of sales from the United States and the rest from Canada. Waste Connections is the third-largest waste management company in North America.

Waste Connections is a non-cyclical company and is expected to grow sales by 9.1% to USD \$5.37 billion in 2019 and 8.1% to USD \$5.8 billion in 2020.

It has a market cap of USD \$26 billion and the stock is up 21% in the last year. The stock is trading at a forward price to earnings multiple of 33.6, which can be considered expensive even after accounting for earnings growth of 5.2% in 2019 and 10.6% in 2020.

Waste Connections continues to acquire companies. In the last fiscal quarter, it acquired 13 companies for a cumulative \$400 million. For 2020, the company has allocated \$500 million for acquisitions and buybacks.

The three companies are part of boring industries, which is exactly what you want in a recession.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:WCN (Waste Connections)
3. TSX:ABX (Barrick Mining)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:WCN (Waste Connections)

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