



2 Canadian Stocks to Buy if Markets Plunge in 2020

Description

Are you afraid there is going to be a recession in 2020? If so, you're not alone. In a recent survey for Bloomberg News, 55% of Canadians said they believe the chance of a recession in 2020 is at least a "somewhat likely". The Globe and Mail reported that Canada's most famous economist, David Rosenberg, believes there is an 80% chance of a recession in part due to the huge level of household debt, which will continue to weigh on consumer spending.

What kind of stocks should you buy if you want to protect yourself from a market plunge?

You should look for companies selling goods that consumers will want to purchase regardless of the economy. So buying stocks in the consumer staples sector should help stabilize your portfolio if markets plunge. Stocks in the food industry are particularly appealing since consumers will always eat no matter what. **Lassonde Industries** ([TSX:LAS.A](#)) and **Metro** ([TSX:MRU](#)) appear like good choices in this sector.

Lassonde Industries

Lassonde has successfully passed the decades because, above all, the company has managed to keep up with consumer trends. It's its greatest challenge since the markets are constantly changing. If a company doesn't adapt, it will die.

To succeed, the company has a diversification strategy, offering not only juices but also sauces and broths. Lassonde also launches new products every year to meet the changing demands of its customers. It offers juices containing less sugar and calories as well as protein and probiotic drinks.

Lassonde acquired Sun-Rype in October. In addition to getting its hands on another trademark, Lassonde is also entering the fruity snacks market that has made the western Canadian company famous.

Lassonde has tackled the wine consumption market by launching its subsidiary, Vins Arista, in 2006, using its Prisma and Tetra Pak cardboard packaging to make its place in convenience and grocery stores of Quebec.

For the fiscal year 2020, Lassonde is expected to report revenue close to \$1.9 billion, an increase of 11.2% from a year ago. Profit should jump by 16.6% to \$10.37 per share.

The stock beta is only 0.05, so the stock has almost no correlation to the market's movements. This is good when the market plunges, as Lassonde's shares shouldn't fall as much as the market. They could even jump as investors are looking for [defensive](#) stocks when markets become more volatile.

Metro

We all need to go to the grocery store regularly to buy food. While there are a few options for consumers, Metro is a [leader](#) in the sector in Quebec and in Ontario. It operates or supplies a network of some 950 food stores under several banners including Metro, Metro Plus, Super C, and Food Basics, as well as some 650 pharmacies mainly under the banners Jean Coutu, Brunet, Metro Pharmacy, and Drug Basics.

The grocer, which has over 70 years of experience, sells products of superior quality and has gained customers' loyalty.

Metro is modernizing its distribution network, which should result in greater efficiency and cost savings. The new distribution centers will offer a wider range of products and will be partially or fully automated. The transformation should be completed by 2023. Metro also plans to double the number of stores with self-checkouts in 2020 to reduce labour costs.

For the fiscal year 2020, Metro is expected to report revenue of about \$17.1 billion, an increase of 2.1% from a year ago. Profit should jump by 9.5% to \$3.11 per share. The stock beta is only 0.15, so shares shouldn't fall as much as the market during a downside.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:LAS.A (Lassonde Industries Inc.)
2. TSX:MRU (Metro Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
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