Buy This 1 Bear Market Stock and Beat a TSX Sell-Off

Description

Food stocks are a strong play for investors fearing a downturn or simply for stock portfolio owners who want a super long-range play in the recession busting consumer staples space.

Fearful of a full-blown market sell-off? It's time to review a market leader and see how two of its closest competitors on the **TSX** compare as potential bear market investments after 2020's turbulent start.

A wide-moat play for long-term income

If an investor can look beyond its balance sheet, **Nutrien** (TSX:NTR)(NYSE:NTR) is an integral consumer staples play for an extreme long position.

With around 19% growth in income forecast annually, Nutrien is likely to pare down its debts and improve its overall health. This should also help to stabilize dividend payments, which will in turn attract more investors to its side.

With a 4% yield offering substantial accumulating income to a long position in the world's leading potash producer, Nutrien is a key buy for consumer staples exposure.

A 77% payout ratio leaves some for dividend growth, further strengthening the thesis for a long-term buy. As the third-largest nitrogen fertilizer producer worldwide and the largest potash producer, Nutrien commands an unassailably wide economic moat.

Compare Nutrien with two competing TSX food stocks. Take **SunOpta** for instance. While struggling with profitability and high share price volatility might be expected in a high-risk sector such as legal cannabis, it's less attractive in a consumer staples play. Of course, the classic defensive attributes of a food and beverage stock weigh in SunOpta's favour.

SunOpta is rallying by almost 20% in the last five days of trading after securing a credit extension to provide working capital along with other strategic corporate uses.

An unlikely momentum pick at the moment, the international plant-and fruit-based foods, drinks, and organic ingredient business is far from a low-risk investment, even for its traditionally defensive consumer staple status.

Another stock that's hard to view as a totally smooth-sailing choice for a minimum risk portfolio, **Saputo** is currently streamlining by closing a couple of its facilities.

This can be taken as either a negative or a positive sign of business. Having just posted notable quarterly results, though, Saputo could attract the speculative investor looking to pack dairy exposure into a long-term stock portfolio.

While the dairy producer saw net earnings down 42.2%, revenues were up 8.8%, adjusted EBITDA was up 29.8%, with adjusted net earnings up 17.1%.

Long-term investors seeking wide-moat players in this space may want to take the current streamlining operation as a strong indication that Saputo is gearing up for a volatile market and has the management chops to navigate uncertainty.

The bottom line

Nutrien is arguably the strongest of the three for long-range investing. It's the kind of company one can imagine leaving in a savings plan, TFSA, or other stock portfolio for a decade and forgetting about, only to return to it and find it still chugging away.

Agri inputs are solidly recession-proof and one of the few absolute necessities when it comes to keeping the consumer staples flowing from field to table.

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