



Uh-Oh! A 2020 Recession Might Be Just Around the Corner

Description

The past decade was fantastic for the **TSX Index**. It climbed to all-time highs, and it does not seem to show any signs of slowing down except for a few minor dips here and there. 2019 was strife with recession talks, but the TSX has yet to have a better year.

We're two months into 2020, and the imminent recession may likely come in the coming months. A downturn is likely due to several factors. The economic data from the U.S. is showing signs of slower manufacturing levels – the lowest they've been since the 2008 financial crisis.

As an investor, I know you might have been enjoying the high-flying market performances. It is, however, necessary to prepare for the worst while you keep hoping for the best.

Fears of a recession

The geopolitical situation around the world is not entirely favourable. There are conflicts brewing in the Middle East, and oil prices are fluctuating.

The tailwinds of the U.S. and China trade war are affecting global economic health. Most recently, the [coronavirus epidemic](#) is adding to the factors that could trigger a massive sell-off in global markets.

Domestic markets might have a recession trigger if the housing market bubble bursts. The fears of a global recession have never been higher. All it can take is one of these events to trigger the sell-off, and the resulting chain reaction can lead to a full-blown recession.

A recession can be devastating for your portfolio and financial security unless you take the right steps to prepare for it. There are particular stocks you can consider adding to your portfolio that is likely to weather the storm better than most others. To this end, I am going to discuss the **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) stock.

A recession-proof stock

All the conditions are right for a recession to come knocking on our doors. In times like this, I advise investors to practice caution rather than an aggressive approach.

It would be best if you park your capital in income-producing assets that are likely to be recession-proof. I think Telus is a stock with the potential to shield your capital from the effects of an economic downturn.

Telus, in general, is a fantastic investment to own. The stock operates in Canada's highly successful telecommunications sector. It is not a volatile company, and can be a phenomenal source of income through dividends in your portfolio.

Telus has a beta of 0.62. This value essentially means that Telus' shares do not fluctuate as much as the broader stock market. Stability is a critical factor in helping you keep your capital safe.

The low volatility may make Telus a dull stock. It is not a foolproof way of calling it completely recession-proof. Given the robust fundamentals of the telecom giant and the stock trading at just 17.89 per earning and almost three times its book value, Telus is likely to fare well in an underperforming market.

Foolish takeaway

To prepare for a recession, most investors sell all the shares they own and invest in alternative assets that could provide them safety from a recession. I think that reprioritizing your capital and investing in [income-producing assets](#) that can ride the wave of recession is a better option.

Investing in a stock like Telus gives you significant financial security. The company can perform well through a financial crisis, and it pays its shareholders dividends at a juicy 4.49%.

Telus stock could be worth allocating a portion of your capital toward for recession-proofing your portfolio.

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