



2 TSX Companies to Add Before We Enter a Recession

Description

Fear of COVID19 continues to spread on a global scale, adding to the uncertainty about the future of the Canadian economy.

The **S&P/TSX Composite Index** has now dropped roughly 6,000 points in just over a month, which is equivalent to a drop of 34%. The market blew past a 10% drop for a market correction, and with a drop of more than 20%, we are officially in a bear market. We have yet to officially enter a recession, however.

Typically, a recession is referred to as two consecutive quarters of economic decline as measured in gross domestic product. While we may not officially be there yet, with many businesses across the country now indefinitely shut down to help slow the spread of COVID19, a recession may not be far away.

It may be tempting to start selling off stocks from your portfolio knowing there may be a recession around the corner. But rather than deciding which companies to sell off, here are two companies a long-term investor should consider adding to their portfolio.

Waste Connections

The \$29 billion market cap company provides waste collection and disposal services in markets across both the U.S. and Canada. **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)) serves [residential consumers as well as commercial and industrial clients](#).

With many businesses now indefinitely closed, the waste management company may see a decline in growth from commercial and industrial clients. But regardless of whether the economy is in a bull market or a recession, residential consumers will still require waste management services.

It's the company's balance sheet that really makes it an attractive buy ahead of a recession. Waste Connections reported \$1.54 billion in operating cash flow from its 2019 fiscal year. All that excess cash led to \$400 million worth of acquisitions in 2019 and another \$500 million planned for 2020.

The dividend yield of 0.85% is far from the highest payout you can find on the **S&P/TSX 60**. The company does, however, have a respectable history of growth with an increase in its payout for nine straight years. The dividend pays \$1.02 per share split over four quarterly payments throughout the year.

Brookfield Renewable Energy

This globally diversified company is an energy provider through wind, solar, and hydro sources. The \$9 billion market cap company serves clients in North America, South America, Europe, and Asia.

Brookfield Renewable Energy ([TSX:BEP.UN](#))([NYSE:BEP](#)) can provide shareholders with a [rare combination of both defensive and growth stock characteristics](#).

The Canadian market grew 20% in 2019 in comparison to the 60% growth of Brookfield Renewable Energy. Even through 2020 to date, the energy company has dropped just 13% versus the 30% decline in the Canadian market.

In comparison to Waste Connections, this is one dividend that any type of investor can get excited about.

The annual dividend of \$2.91 per share is equivalent to a yield of 5.76% at today's stock price. A \$10,000 investment made today would pay shareholders a quarterly check of \$145.

Foolish bottom line

Even during a year when many people are expecting a recession, these are two companies that investors can feel confident about buying today.

If we are faced with a dreaded recession, investors can have confidence knowing that both companies provide services that consumers will still require to purchase regardless of the state of the economy.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. dividend
2. market crash
3. recession

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:WCN (Waste Connections)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:WCN (Waste Connections)

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Author

ndobroruka

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