



3 Recession-Proof Stocks to Buy Today

Description

Financial and energy stocks have been ravaged over the past several weeks, as investors have been forced to endure a rapid descent into a bear market. Canadian parliament has passed an \$82 billion aid package that aims to give citizens some relief due to the flurry of job losses.

There is no concrete timeline on the lockdown in Canada or anywhere else, but most industries are experiencing sharp pullbacks. Investors should look to target potential recession-proof stocks in the spring.

Fortunately, some sectors have managed to overperform in this period. Grocery retailers have reported higher sales than usual, as many have taken to hoarding in response to the pandemic. Two other sectors have proven robust in these difficult times.

Cannabis is proving to be recession proof

In the summer of 2019, I'd discussed why the cannabis had a [good chance to hold out a recession-proof industry](#). Legal sales of cannabis have experienced a massive uptick in the last few weeks. Online sales at the Ontario Cannabis Store (OCS) have soared in the last two weeks, and similar boosts have been reported in the Quebec equivalent.

Because of this, investors may want to take a second look at the struggling sector. **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) stock has climbed 31% week over week as of early afternoon trading on March 25. The company temporarily closed its retail outlets in response to the COVID-19 outbreak, but it has been a consistent leader in online sales. That should continue, as consumers go on a buying spree in March.

Canopy has also benefited from its large product launch after the second phase of cannabis legalization — sometimes called “Cannabis 2.0.” Edibles have reported solid sales with many consumers preferring this method over smoking or vaping. The sector performance is promising in this crisis, and it demonstrates cannabis's viability in the long term as a sin stock that can be relied upon in tough times.

Alcohol is shining

Around this time last year, I'd discussed why one of the top [wine stocks](#) could perform well in a recession. Alcohol sales managed to report some positive trends in 2008 and 2009, and it has proven to be a resilient industry in recessions before that. This sector has enjoyed a sharp uptick during this crisis.

Alcohol sales in Nova Scotia have tripled, largely due to panic buying. Social media has been rife with rumours about store closings across provinces during this crisis, which has triggered store runs. It appears unlikely that provinces will move to shut down alcohol stores, as it could lead to withdrawal for consumers and general social unrest.

Molson Coors Canada is one top beer producer to target right now. Its shares have dipped 24% over the past month. This pushed the stock into negative territory for 2020. Molson is carrying a fantastic balance sheet and its dividend yield has shot up to 5.3% at the time of this writing. It also boasts a favourable price-to-book (P/B) value of 0.6.

Corby Spirit and Wine manufactures, markets, and imports spirits and wines. Its top whiskey, gin, and vodka brands have all posted improvement in the first half of this fiscal year. The stock is down 16% month over month. Corby boasts an immaculate balance sheet. The stock last had a favourable price-to-earnings ratio of 15 and a P/B value of 2.3. It last paid out a quarterly dividend of \$0.22 per share, representing a 6.3% yield.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis Stocks

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred

4. Sharewise
5. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis Stocks

Date

2025/08/15

Date Created

2020/03/25

Author

aocallaghan

default watermark

default watermark