



Worried About a Recession? Buy This TSX Stock

Description

There is a lot of uncertainty in markets right now, as investors grapple with the new reality of our economic situation. Although the total shutdown of the economy won't last forever, many are still worried about the potential for a recession. This has left many investors wondering if they should be buying TSX stocks at these levels.

Despite large measures taken by the government and the Bank of Canada to ease the burden on consumers, this type of event is unprecedented, and many still believe it will result in a recession.

Recession preparation

Canadians already had a dangerously high household debt to income ratio. So, with most of the labour force out of work for weeks or months, even with loans from the government, it's likely that when we emerge from this, the Canadian consumer will be highly strained.

This is the easiest way we could enter a recession, although it's not the only way. Luckily for investors, there is significant time to prepare and buy defensive TSX stocks if you are worried about a recession.

You can buy these defensive stocks that will outperform the rest of the market, as the Canadian economy grapples with declining consumption and as the average consumer shifts their focus to paying down debt.

These businesses are more reliable and can be expected to perform better in a recession, because the goods or services they provide are a necessity.

While consumers can decide to forego buying a new TV or car while their income is taking a hit, people can't stop paying their electricity or gas bill, just as they can't go without food.

This makes those companies even more attractive for investors, as those business will be much less affected.

They will still feel affects of less spending and some bad debt expenses. However, compared to a lot of other business, these companies will be in good shape.

One of the top TSX stocks to buy today if you're worried about a recession is **Emera** ([TSX:EMA](#)).

Utility stock to buy

Emera is a top utility stock on the TSX and a great option to buy today. The company gets more than 90% of its revenue from regulated services, giving it incredible stability.

The company operates in Canada, the United States, and the Caribbean. Roughly three-quarters of Emera's revenue comes from electricity transmission and distribution. It also gets a considerable amount of revenue from natural gas transmission and distribution as well.

Its major diversification of operating jurisdictions and services it offers, combined with the minimal commodity exposure, it has makes [Emera](#) one of the safest investments.

And because the investment is highly safe and pays a rewarding dividend, it's one of the top TSX stocks to buy today.

As of Friday's close, the dividend was yielding roughly 4.85%. That payout ratio is estimated to be below 90% in 2020.

Nearly 5% for a top defensive utility stock with a highly stable dividend is an appealing proposition for investors. If investors act quick enough, it can help to strengthen their portfolios.

Bottom line

Utility stocks are always the best TSX stocks buy if you are worried there might be a recession. The stocks provide investors with a stable and reliable dividend. And in addition, they will provide better share price performance than most other companies.

It's paramount investors buy these top TSX stocks before a recession. This way, you can eliminate any vulnerable stocks in your portfolio and replace them with a dependable utility like Emera.

CATEGORY

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2. Dividend Stocks
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