



Economic Depression: 1 Top TSX Food Stock to Buy and Hold

Description

Some of the best minds in the financial world are predicting a major economic depression. Ray Dalio foresees a worse economic plight than the 2008 Great Recession. World Bank Group president David Malpass concurs, forecasting that the COVID-19 pandemic will give rise to a “major global recession” and stated, “We intend to respond forcefully and massively with support programs, especially for poor countries.”

Is it time to sell the farm, then? Well, maybe not just yet. Canadian investors are [looking for safety](#) as the health crisis continues to rattle the global economy. Nobody expected a market crash. The coronavirus has attacked the markets in an unprecedented manner. Many gains made on the TSX have been erased. Markets are looking for guidance, but a vaccine could be more than a year away. But people are still buying stocks.

One asset class that has performed well in the last few weeks is consumer staples. Today, we'll look at a stock that rallied 13% this week. The stock markets are rallying amid hopes that the coronavirus pandemic is peaking. However, a COVID-19 vaccine is still at least a year away. Additionally, France and Germany now appear to be in recession. In short, investors need to [start playing defence](#).

One name could beat an economic depression

This name is **Alimentation Couche-Tard** (TSX:ATD.B). Coincidentally, this week's rally mirrors the grocery stock's overall decline of 13% in the past month. Still, even these losses are small compared to the biggest dips of the of the TSX Composite Index. All told, our main stock exchange is down the same amount as Alimentation Couche-Tard since the start of the market crash. This is in line with the stock's 0.85 beta.

First off, look at just how geographically diversified Alimentation Couche-Tard is. Its stores can be found through North America, in Scandinavia, across Ireland, Poland, the Baltics, and even Russia. Tobacco sales are strong for this name, as are essential grocery items. Right away, you've got a sin stock and the safety of consumer staples, which are resistant to an economic depression.

There's more, though. Alimentation Couche-Tard is also a strong play for service restaurants and car services. Both areas are resistant to recession. Its business operations also include fuel and chemical supplies. Circle K is the other major string to its bow. This brings China, Egypt, and Malaysia into its spread of operations. In summary, Alimentation Couche-Tard is a strong defensive play.

It's not much of a passive-income stock for recession investing, with a dividend yield below 1%. It's also not much of a value play, selling at 2.8 times its book price. However, selling at 23% below its 52-week high, the upside potential in a full-blooded market rally could be significant.

The bottom line

Alimentation Couche-Tard is a strong buy for consumer staple services and road transport fuel. This name is defensive and even has some passive income thrown in. Growth by consolidation has proven a winning strategy for this consumer staples name. If any asset type is going to outrun an economic depression, it would be consumer staples.

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