Which TSX Stocks to Buy as Markets Remain Choppy

Description

As markets continue to remain choppy with no clear trend, it's prudent to invest in the shares of the companies that have low betas and stable businesses. Here are three TSX stocks that could remain immune to the big market swings and act as hedges amid significant downturns.

Metro

Metro (TSX:MRU) stock has a negative beta (five-year monthly) of 0.1. In general, the negative correlation with the market means that its stock should rise whenever the market falls. However, investors should note that a negative beta doesn't indicate that Metro stock is risk-free.

Metro operates food and pharmacy business and is less susceptible to economic situations and volatility in the market. The demand for Metro's products and offerings does not fluctuate much and remains mostly stable, which supports its stock price. For instance, Metro stock was relatively stable during the coronavirus-led stock market crash in March. Besides, the pandemic led to an increased demand for food and drugs.

Metro's top line increased by about 8% in the most recent quarter, thanks to the high-single-digit growth in food and pharmacy same-store sales. Also, excluding the pandemic-led demand, Metro's same-store sales remained strong. Meanwhile, its net earnings marked double-digit growth.

Metro stock could continue to do well as consistent demand for its products and expansion of its e-commerce offerings should support sales and profitability. Also, the retailer is a Dividend Aristocrat and has increased its dividends for 26 years in a row.

Loblaw

Similar to Metro stock, **Loblaw** (TSX:L) also has a negative beta and runs a recession-proof business. Loblaw is the nation's food and pharmacy leader and has an extensive store base that supports sales and profitability.

Loblaw's multi-category offerings spanning from discount to specialty stores appeal to all demographics and income ranges. Besides, its stores at convenient locations further drive traffic. Loblaw is also expanding its online offerings, as more and more people are ordering online. The retailer's click-and-collect, ship-to-home, and pick-up-at-store offerings are resonating well with the customers and could continue to boost traffic in the coming quarters.

Loblaw's steady business and low beta make it a perfect investment option in a choppy market.

Alimentation Couche-Tard

Shares of **Alimentation Couche-Tard** (TSX:ATD.B) have a beta (five-year monthly) of 0.8, indicating that volatility in the market will not have a significant impact on it. Alimentation Couche-Tard's resilient business, strategic acquisitions, and strong footprint of about 10,200 stores make it a must-have stock in your portfolio.

Couche-Tard's revenues, EBITDA, and earnings have grown at a breakneck pace over the past several years, thanks to the strength in its organic sales and benefits from strategic acquisitions. Besides, its investments in growth avenues like e-commerce bode well for future growth. Couche-Tard is ramping up its online order fulfillment capabilities in North America. Moreover, it is also offering online store pickup services.

Alimentation Couche-Tard is also a Dividend Aristocrat, and its dividends have increased at CAGR of a whopping 28% since 2011. Couche-Tard's sustained momentum in the base business, e-commerce expansion, stable demand, and consistent dividend growth make its solid defensive play.

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TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)
2. TSX:MRU (Metro Inc.)

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