



3 Recession-Resistant Stocks to Buy and Hold

Description

The resurgent virus and the uncertainty gripping the economy indicate that we are heading toward a recession. With an expected slowdown in the economy, it's time to invest in stocks that are highly recession-resistant and offer steady growth. Here are three such names you can consider buying now.

Kinross Gold

As the [threat of recession looms large](#), don't forget to invest in the shares of gold mining companies. After all, gold mining companies are likely to benefit from higher prices. **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)) is one such stock that investors should keep an eye on.

While the prices of physical gold have increased considerably so far this year, an economic slowdown could drive its prices even higher, thus supporting the upside momentum in Kinross Gold. Investors should note that Kinross Gold's margins are increasing at a faster pace than the prices of gold. Three of the company's largest producing mines are operating at low cost, thus cushioning its margins.

In the [most recent quarter](#), its margins soared about 53%, which was higher than the 31% increase in the average realized gold prices.

The fear of an economic slowdown, rising infections, and low-interest rates should continue to drive gold prices as investors are likely to bet on this safe-haven asset for higher yields. With higher average realized prices and low-cost production, Kinross Gold is likely to post stellar growth, which should continue to lend support to its stock even amid a recession.

Fortis

With 99% of its earnings coming from the regulated utility assets, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is atop stock to bet on amid recession. Fortis's 63% of the revenues are protected by regulatory mechanisms, while 19% comes from residential sales, indicating that the company could continue to deliver consistent growth even amid the slowdown.

Besides, Fortis is known for its robust dividend payments, which has increased for 46 years in a row. The company expects its rate base to grow at a compound annual growth rate of 6.5% from 2019 to 2024, implying that the company will continue to generate predictable cash flows, which is likely to cover its payouts.

Fortis predicts its dividend to increase at an average annual rate of 6% until 2024, which is encouraging. Moreover, additional renewable capacity and energy storage should drive its growth. Currently, Fortis offers an attractive dividend yield of 3.5%.

Metro

Food and pharmacy retailer, **Metro** ([TSX:MRU](#)) is a top stock to own for adding stability and reducing risk in your portfolio amid an economic slowdown. The company's resilient business is likely to witness steady demand irrespective of economic situations. Besides, its negative beta of 0.1 implies that wild market swings may not hurt Metro stock much.

Metro continues to deliver strong results, thanks to the sustained momentum in the food and pharmacy business. In the most recent quarter, its sales increased by 11.6%. Meanwhile, food same-store sales jumped by 15.6%. Robust same-store sales continue to support growth in its bottom line, which increased by 18.2% during the last reported quarter.

The rising demand for online grocery services and the expansion of its e-commerce platform is likely to accelerate its growth further in the future. Its low dividend yield of 1.5% might not attract you, but Metro is a Dividend Aristocrat and has raised its dividends for 26 years straight.

Metro's steady growth, a consistent increase in dividends, and recession-proof business make it a must-have stock to protect the downside.

Bottom line

Investors should note that an economic contraction is unlikely to hurt the growth prospects of these companies as they operate a highly recession-proof business. Meanwhile, shares of Fortis and Metro offer healthy dividend income too.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:KGC (Kinross Gold Corporation)
3. TSX:FTS (Fortis Inc.)
4. TSX:K (Kinross Gold Corporation)
5. TSX:MRU (Metro Inc.)

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