Canadians: 3 Recession-Resistant Stocks to Buy and Hold

Description

Like its global partners, Canada's economy has suffered due to the COVID-19 pandemic. However, cases have steadily dropped into the late summer. There is renewed optimism that the economy can bounce back in a big way in the second half of 2020 through to 2021. On the other hand, many are worried about what will happen when key government programs like CERB expire.

Moreover, many sectors like hospitality and entertainment may take years to recover from the damage caused in this crisis. Because of this, it may be prudent to target recession-resistant stocks in late August.

Investors should be hopeful while taking appropriate precautions. Today, I want to look at three recession-resistant-stocks that can provide protection in the face of volatility and economic decline.

Why grocery retailers are recession-resistant stocks

In March, I'd discussed why grocery retailers were a great bet for investors looking for defensive stocks . Few sectors were more reliable than consumer staples during the worst days of the pandemic. **Loblaws**, the largest grocery retailer in Canada, has seen its stock increase 6.5% in 2020 as of close on August 20. This company certainly qualifies as a recession-resistant stock.

In the second quarter of 2020, Loblaws reported revenue growth of 11% to $11.9 billion. Food retail achieved same-store sales growth of 10%. Shares of Loblaws last possessed a price-to-earnings ratio of 25 and a price-to-book value of 2.3. This puts Loblaws in solid value territory relative to industry peers. It last paid out a quarterly dividend of $0.315 per share, which represents a 1.7% yield.

I'm still bullish on top utilities like Emera

Emera (TSX:EMA) is a top Canadian utility. While its stock has been mostly flat so far this year, its shares have increased 3.2% over the last three months. Utilities have continued to operate as an essential service during this crisis. Emera boasts a strong track record as a dividend payer and qualifies as a top recession-resistant stock on the TSX right now.

In Q2 2020, the company reported adjusted net income of $118 million or $0.48 per share compared to $130 million or $0.54 per share in the prior year. Year-to-date operating cash flow has climbed $41 million to $816 million in 2020. Moreover, Emera stock currently has a favourable P/E ratio of 15 and a P/B value of 1.6.

Better yet, Emera last paid out a quarterly dividend of $0.6125 per share, which represents a solid 4.5% yield.

"Sin" industries like alcohol still offer recession-resistant stocks

Last year, I'd discussed why alcohol equities should be considered recession-resistant stocks. Indeed, the alcohol industry has boomed during the COVID-19 pandemic. North American sales have surged to record levels in key regions, including in Ontario.

Corby Spirit and Wine (TSX:CSW.A) is a manufacturer, marketer, and importer of spirits and wines. It owns brands like Polar Ice Vodka, Cabot Trail, Royal Reserve, and Lot 40 Canadian Whisky. Shares of Corby have climbed 6.4% in 2020 so far. In Q3 2020, the company reported a 2.1% year-over-year increase in revenue to $33.1 million.

Year-to-date, revenue has increased 4% to $115.1 million. Net earnings have climbed 9% to $19.5 million in the first nine months of fiscal 2020.

Shares of Corby still possess a P/E ratio of 16 and a P/B value of 2.6, putting Corby in favourable value territory relative to industry peers. Meanwhile, it last declared a quarterly dividend of $0.20 per share. This represents a strong 5% yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CSW.A (Corby Spirit and Wine Limited)
2. TSX:EMA (Emera Incorporated)

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