Buy These 2 Stocks Now If You’re Worried About a Recession

Description

Regardless of the stock market’s stellar recovery, the economy remains weak. Countries around the world have lowered their gross domestic product (GDP) forecasts. Meanwhile, jobless claims remain high. To make matters worse, the ill-impact of the coronavirus on the economy is still unknown, while infections continue to rise. All these indicate that we could be heading toward a recession.

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So, if you’re worried about a recession, it’s time to direct your investments to defensive bets and highly recession-resistant stocks that offer steady and safe growth. Here are two stocks that you can consider buying now.

Bet on gold

With an expected slowdown in the economy, investors can consider investing in gold for steady and high yields. Considered to be a safe-haven asset, gold has outperformed the broader markets so far this year. The shiny yellow metal has hit record highs amid growing demand from investors. However, rather than buying physical gold, consider buying the shares of gold mining companies for higher returns.

One such top gold stock is **Barrick Gold** (TSX:ABX)(NYSE:GOLD). Its stock has surged about 57% year to date and could sustain the uptrend on higher gold prices amid the fear of recession and optimism stemming from Warren Buffett’s stake in the company.

Gold mining companies are reporting stellar growth in revenues and earnings amid higher gold prices. Barrick Gold registered a year over year increase of 39% in its top line for the first six months of 2020. During the same period, its adjusted EBITDA spiked about 60%. Barrick Gold’s earnings have more than doubled in the first half of 2020, thanks to the impressive sales and EBITDA margins.

While investors benefitted from value appreciation, Barrick Gold further boosted shareholders’ returns through higher dividends. Recently, it announced a 14% hike in its quarterly dividend.

Barrick Gold’s high-quality mines, increased in gold prices and the ability to lower debt provide a strong base for future growth.

Rely on this consumer company

With its consistent performance and recession-resilient business, shares of food and pharmacy retailer, **Metro** (TSX:MRU) is a top stock to rely on amid an economic downturn. The sustained demand for its products and the expansion of e-commerce offerings adds stability and drives growth.

In the most recent quarter, its top line increased 11.6%, thanks to the strong same-store sales growth and stellar online sales. Meanwhile, its bottom line registered 18.2% increase. As customers shift online to shop groceries and everyday essentials, Metro is expanding its online capabilities to meet the rising demand, which is likely to bolster its growth further.

Investors should note that Metro has a long history of consistently raising its dividends and offers a decent yield of 1.5%. Its stock has a very low beta, indicating that wild market swings are unlikely to affect its stock much.

Bottom line

These two Canadian companies could continue to flourish, even amid a recession and are likely to add stability to your portfolio. Their recession-proof business and ability to generate strong cash flows could continue to support growth in the coming years.

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