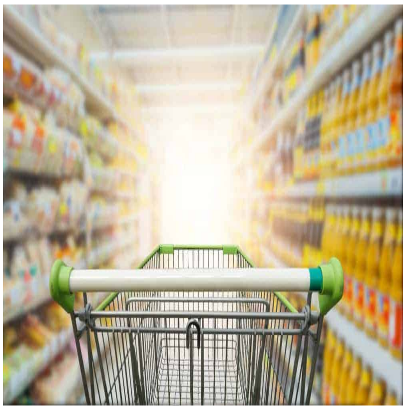

2 Top Consumer Staples Stocks to Buy Right Now

Description

The high volatility in the market and the fear of recession are good reasons why investors should consider buying consumer staples stocks now. Consumer staples stocks could continue to chug along nicely irrespective of an economic downturn, thanks to their defensive business models and stable earnings.

Investors should note that consumer staples stocks have very low betas, implying that large market swings are not likely to impact their stocks much, thus adding stability to your portfolio. Here are two top consumer staples stocks that should be on your radar.

Metro

With a network of some 950 food stores and 650 drugstores, **Metro** (TSX:MRU) appeals to all demographics. The food and drug operator's financial performance is not tied to the economic conditions, as reflected through the consistent performance of its grocery stores and pharmacies.

The retailer's key performance metrics look solid. In the most recent quarter, Metro's food same-store sales jumped 15.6% year over year. Meanwhile, its revenues and earnings also marked double-digit growth.

Metro's online food business remains strong, thanks to the acceleration in demand amid the pandemic. The retailer is adding capacity and expanding pickup and home delivery services, which bodes well for future growth. Metro's consistent earnings growth and strong cash flows have enabled it to increase its dividends for 26 years in a row uninterrupted.

The retailer's negative beta implies that its stock is likely to remain stable, despite high volatility and uncertainty in the market. It also offers a decent dividend yield of 1.5%. The sustained demand for its product offerings, expansion of online grocery shopping services, and consistent payouts should help investors to navigate the volatile stock market with ease.

Metro stock has remained rock-steady so far in 2020 and delivered growth of 12.2%. Moreover, its stock is up about 304% in 10 years.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is another top defensive bet that should be on investors' radars. The retailer has been performing exceptionally well over the past several years, thanks to the continued strength in its underlying business, strong stores network, and accretive acquisitions.

Couche-Tard's total revenues have grown at a compound annual growth rate (CAGR) of 13% since 2011. Meanwhile, gross profit and EBITDA increased at a CAGR of 15% and 22%, respectively. Double-digit growth in sales and EBITDA drove its earnings higher. During the same period, Couche-Tard's adjusted EPS grew at a CAGR of 22%.

Since 2004, the company has completed 60 deals, which added about 10,200 stores to its network globally and supported its financial performance and drove its stock higher. Alimentation Couche-Tard stock has delivered a stellar return of 1,063% in 10 years and is up about 8.3% year to date. Meanwhile, Couche-Tard's dividends have grown at a CAGR of 27% since 2011, thus boosting investors' returns.

Its defensive yet growing business, robust sales, and earnings growth rate, and consistent dividend payouts should help investors to ride out the volatility and benefit from capital appreciation.

Bottom line

The uncertain economic outlook and rising coronavirus cases are likely to keep the stock markets volatile for the rest of 2020. The addition of these two top consumer staples stocks should help in riding out the volatility and protect the downside.

CATEGORY

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