3 TSX Stocks to Buy if the Market Woes Drag On

Description

This year will be etched in the record books for multiple reasons. The COVID-19 pandemic has led to a massive spike in unemployment rates, a slump in global GDP, and falling interest rates, among other things. The markets responded in kind and slumped over 35% in just over a month earlier this year.

However, the V-shaped recovery in the last few months has led experts to believe that the stock market is not in sync with the economy. Does this mean there will be another round of sell-offs by the end of 2020? How do you play the market if indexes re-enter bear market territory?

We'll look at three stocks on the TSX that should help you survive a downturn.

A utility giant

You need to look at defensive stocks that are well equipped to ride an economic recession and come out unscathed. Utility stocks such as **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) should be on your radar, as it generates a stable stream of cash flows across business cycles.

Utility services are essential, making these companies recession-proof. Algonquin owns and operates a portfolio of regulated gas, water, and electrical utilities as well as renewable energy plants in North America. The company's focus on renewable energy has helped it generate market-beating growth, making it a solid bet for long-term investors.

In the last decade, Algonquin has managed to increase shareholder wealth via organic growth as well as acquisitions. Further, it also has a forward yield of 4.4%, making it an attractive buy for income investors.

The stock has more than doubled in the last five years and is a recession-proof growth stock to keep an eye on.

Fortis has a dividend yield of 3.6%

Another Canada-based utility giant is **Fortis**, a stock that is up 50% in the last five years. Fortis stock has a forward yield of 3.6% and has increased its dividends for 46 consecutive years.

Fortis is Canada's largest utility company and supplies electricity to five Canadian provinces, nine states in the U.S., and three Caribbean counties. The company's rate-regulated business enables it to generate predictable cash flows, making a dividend cut unlikely. It, in fact, expects to increase dividends at an annual rate of 6% through 2024.

A Warren Buffett buy

Warren Buffett shocked investors when he disclosed his investment in **Barrick Gold** (TSX:ABX)(NYSE:GOLD), a gold mining company. According to **Berkshire Hathaway's** latest 13F filings, it bought 20.9 million Barrick Gold shares worth US$626 million, indicating a 1.3% stake in the company.

Gold mining companies are safe buys when interest rates are low and the economy is in a recession. It has an inverse relationship with the U.S. dollar, which is under pressure due to quantitative easing measures. Barrick Gold stock is up 340% in the last five years and should generate market-beating returns in the upcoming years as well.

Barrick Gold is the second-largest publicly traded gold company and produced 1.15 million ounces of gold in the second quarter. The company remains on track to produce 4.8 million ounces of gold in 2020.

Its operating cash flow rose 138% to $1.03 billion while free cash flow rose a phenomenal 850% to $522 million year over year due to rising gold prices. This has helped the company strengthen its balance sheet and reduce debt by 11%. Barrick also increased quarterly dividends by 14% to $0.08 per share and has more than doubled its distribution in the last two years.

CATEGORY

1. Dividend Stocks
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2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
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