# 3 Recession-Proof Dividend Stocks to Buy if You Expect the Markets to Crash

**Description**

As new cases of COVID-19 hit Canada, health officials are asking people to stay home again. According to this report by *CNN* on October 8, "The national daily case counts continue to increase sharply, with an average of about 2,000 new cases every day for the past week. That's a 40% rise in the last week alone, according to government statistics." Most cases have come from Ontario and Quebec.



When the outbreak hit the country in March, earlier this year, stock markets plunged close to 40%. If there is even a slight chance of this happening again, it is time to look at safe havens that are relatively lockdown-proof.

## Bet on dividend stocks such as Hydro One

**Hydro One** (TSX:H) is one of the safest stocks on the TSX. There is minimal chance of this company missing guidance, because 99% of its revenues are rate regulated. Hydro One is Ontario's largest electricity provider and owns 98% of the region's power lines and services approximately 1.4 million customers. This means even if the country goes into another lockdown, Hydro One's revenues and cash flows are not going to be affected.

The company recently raised $1.2 billion in medium-term notes that will be used to "repay and/or prepay maturing long term and short term debt and for general corporate purposes."

The company's forward dividend yield is a solid 3.44%. The stock price is underlined by a beta of only 0.21, which underlines its stability. Hydro One stock had fallen from $28 on March 2 to $23 on March 16, and now it's at $29.72. It beat the Q2 earnings estimate by a broad margin as well.

## A growth stock that is defensive

**Algonquin Power and Utilities** (TSX:AQN)(NYSE:AQN) is another stock in the utility space that generates over 75% of revenue from regulated utilities in the United States and Canada. Algonquin has a strong presence in the renewables space with over two GW of installed capacity in wind, solar, and hydroelectric generating facilities. Further, it has another 1.4 GW under construction.

Algonquin is a utility company with a growing renewable portfolio in a world that is trying to give up its dependency on fossil fuels. AQN will continue to remain a market favourite given its expansion efforts and ability to increase cash flows and sustain high dividend payouts. It sports a forward yield of 4.2%, and its guidance says that it will grow its yield by 7% for the next couple of years. This is a stock that will continue to grow irrespective of external factors.

## A dividend-paying utility giant

**Canadian Utilities** (TSX:CU) is the third stock that I'll recommend today. It pretty much follows the template of a safe utility stock. It has the highest forward yield of all three picks at 5.21%, and its earnings are expected to grow by 9.3% in 2021.

Canadian Utilities is a diversified energy player with interests in utilities (electricity and natural gas), energy infrastructure, and retail energy. It recently acquired Pioneer Pipeline from Tidewater and its partner **TransAlta** for $255 million.



These three companies are great passive-income buffers during tough times, and from the looks of it, tough times are just around the corner.

**CATEGORY**

1. Coronavirus
2. Dividend Stocks
3. Investing

**TICKERS GLOBAL**

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:H (Hydro One Limited)

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