Market Crash 2.0: 2 Safe Stocks to Buy if You're Worried About a Recession

Description

Things are looking well on the labour and investment fronts in the first week of December 2020. The Toronto Stock Exchange (TSX) is teetering close to its 10-month high, while November's unemployment rate dropped slightly. Meanwhile, the jump in oil prices was a welcome boost.

Although the TSX is back in positive territory (+2.68% year to date) and 62,000 jobs were added to the economy last month, Canada is still in recovery mode. If you want to invest, but a recession worries you, a pair of safe dividend stocks can appease your fears. One is a safety net, and the other is a perennial defensive holding.

Precious gold

When the going gets tough, frightened investors seek the safety of the world's most precious metal. Since owning physical gold isn't easy, the next-best alternative is **B2Gold** (TSX:BTO)(NYSE:BTG). The $7.48 billion company from Vancouver, Canada, is a gold producer with three operating mines.

B2Gold is among the better-performing stocks in 2020. This gold stock is even outperforming the TSX, with its 37% year-to-date gain. At only $7.12 per share, the dividend yield is a decent 2.82%. The payout ratio is a low 13.11%. Analysts covering B2Gold forecast the price to climb around 47% in the next 12 months.

This gold stock is also attracting growth investors because of its EPS growth. Historically, the rate is 65.5%, and the projected rate this year is 271.4%. The strength of B2Gold is the operational performance of existing mines. The company's exploration, development, and expansion activities are ongoing and should drive growth in the long term.

Double reward

If you desire a recession-proof investment, the hands-down choice is **Fortis** (TSX:FTS)(NYSE:FTS). Risk-averse investors love this utility stock because of its bond-like features. Like bonds, Fortis offers capital protection. However, the yield is higher at present, given the 3.86% dividend offer.

Another compelling reason to invest in Fortis is that it's a dividend all-star. The $24.28 billion electric and gas utility company has increased its dividend for 47 calendar years in a row. Invest today to benefit from management's promise to increase dividends by 6% annually through 2024.

Fortis has long been regarded as a defensive all-star as well, because it operates mostly in regulatory environments. The business is low risk, because cash flows from regulated assets are stable and predictable, regardless of the market environment. Expect the company to be more diversified, as it moves toward renewable power.

I would say the current share price of $52.27 is a good entry point. Analysts' price target in the next 12 months is $63 or a potential 21% appreciation. A double reward awaits would-be Fortis investors.

Top investment choices

Thankfully, none of the dire predictions of a market crash 2.0 have come true. The TSX has recovered the losses from the coronavirus-induced selloff in mid-March 2020. News of COVID-19 vaccines rolling out after clearances are perking up global stock markets.

B2Gold and Fortis are proving to be reliable income-producing assets, too, amid the pandemic. The sectors to which the companies belong — materials (+18.39) and utilities (+9.52%) — are outperforming the TSX. Both dividend stocks are the top investment choices if you're wary of a recession. Take a position soon.

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2. NYSEMKT:BTG (B2Gold Corp.)
3. TSX:BTO (B2Gold Corp.)
4. TSX:FTS (Fortis Inc.)

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Date
2025/07/19
Date Created
2020/12/07
Author
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