



1 Top TSX Stock to Buy Now if You Are Concerned About a 2022 Recession

Description

A prominent economist thinks Canada could be [headed for a recession](#) in 2022, and investors are wondering which top TSX stocks might be good to buy to protect their portfolios against an economic downturn.

Economic risks in 2022

High energy prices and persistent overall consumer price inflation could dampen the spending spree that has driven the 2021 economic rebound. Hard-hit sectors of the economy, like restaurants and hotels, are just beginning to get back on their feet, as lockdowns and travel restrictions end. The recovery might be short-lived if people start to close their wallets again for discretionary purchases.

The winter months will bring higher heating bills for many people. Oil and natural gas are trading at multi-year highs and analysts see rising prices on the horizon. Commuters who need to return to the office will also feel the pinch at the gas pump.

In addition, the global supply chain bottlenecks will take time to ease, meaning higher prices for just about everything else could be around for months.

Add in the end of pandemic financial assistance from the government, along with the continued spread of COVID-19 in the unvaccinated segments of the population, and it becomes easier to see how the economy might run into trouble at some point next year.

Best stocks to buy now

Investors who think a recession is on the way might want to consider adding companies to their portfolios that provide the essential products or services people need regardless of the economic situation.

Let's take a look at **Telus** ([TSX:T](#))([NYSE:TU](#)) to see why it might be an interesting defensive pick.

Telus earnings

Telus reported solid [Q2 2021](#) results that show the business continues to grow, even during these challenging times.

Industry-leading net customer additions, mobile phone net additions, and fixed-customer net additions suggest the company's focus on client satisfaction is having a positive impact. Churn is very low, and new subscribers are drawn to the company's products offerings.

Telus also has a health division that is building on its pandemic momentum. Telus Health saw a rise in the adoption of its virtual care technologies in the past 18 months and is seeing strong digital health transactions across the platforms that provide secure digital solutions to healthcare professionals, hospitals, and insurance companies. The group reported a 26% increase in year-over-year revenue growth for the quarter.

Telus reaffirmed its 2021 targets of up to 10% revenue growth and 8% EBITDA growth.

Opportunities

Telus recently spent \$1.9 billion on new spectrum that will serve as the foundation for its [5G network](#) expansion. The company is also moving ahead on its rollout of fibre optic lines to homes and businesses. These initiatives ensure Telus is able to meet rising broadband demand while widening its competitive moat.

Dividends

Telus has a great track record of dividend growth. The company typically raises the payout twice per year. Looking ahead, the board will likely boost the distribution by a total of 8% in 2022. It could be as high as 10% if revenue gets an extra bump from higher roaming fees or a larger-than-expected surge of new clients for high-end mobile, internet, and TV plans.

The current dividend provides a 4.6% yield.

The bottom line on top defensive stocks

Internet and mobile phone subscriptions are essential services for individuals and businesses, so they tend to be recession-resistant. Even the TV subscription would be among the last expenses a person might cut when things get tight.

As a result, Telus should be a solid defensive stock to add to your portfolio right now if you think the economy is headed for a rough patch next year.

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