3 Stocks That Could Stabilize Your Portfolio During a Recession

Description

Some investors are preparing for a recession. What stocks should they hold?

Add this reliable dividend stock to your portfolio

During recessions, investors should hold reliable companies that don’t tend to see major declines in demand or revenue during periods of economic uncertainty. If investors can identify such a company that is also listed as a Canadian Dividend Aristocrat, then it may be a good idea to start buying shares. Dividend stocks have shown, historically, that they tend to outperform growth stocks during recessions. One company that satisfies both of these characteristics is **Fortis** (TSX:FTS)(NYSE:FTS).

Fortis provides regulated gas and electric utilities to 3.4 million customers across Canada, the United States, and the Caribbean. Because utilities are still heavily depended upon, regardless of what the economic situation may be, Fortis is a very dependable company to hold in your portfolio. Listed as a Canadian Dividend Aristocrat, Fortis has managed to increase its dividend in each of the past 47 years. That gives it the second-longest active dividend-growth streak in Canada and makes it a great stock to hold during a recession.

One of the most recognizable companies in Canada

If you live in Canada, there’s a very good chance you’d recognize **Canadian National Railway** (TSX:CNR)(NYSE:CNI). It is the largest railway company in Canada. Canadian National operates nearly 33,000 km of track, which spans from British Columbia to Nova Scotia. Its rail network also stretches as far south as Louisiana.

Like Fortis, Canadian National is listed as a Canadian Dividend Aristocrat. It has successfullyincreased its dividend in each of the past 25 years. Despite all these increases, Canadian National'spayout ratio is only at 35.7%. This suggests that the company could continue to comfortably increaseits dividend over the coming years. It also indicates that Canadian National's dividend is fairly safeshould a recession cut into its earnings.

Providing your everyday essentials

Finally, investors could add grocery stores to their portfolio. **Metro** (TSX:MRU) is one of the largest grocery store companies in Canada, operating more than 700 locations in Ontario and Quebec. Metro's stores operate under the following banners: Metro, Food Basics, Super C, and Marché Richelieu.

Metro stock is very comparable to the first two stocks listed here. It is also listed as a Canadian Dividend Aristocrat, after having increased its dividend in each of the past 26 years. For perspective, that means that company was able to continue raising its dividend through the dot com bubble, the Great Recession, and the COVID-19 pandemic. Like Canadian National, Metro's dividend appears to be very safe. The company maintains a 22% payout ratio.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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3. TSX:CNR (Canadian National Railway Company)
4. TSX:FTS (Fortis Inc.)
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Date
2025/08/25
Date Created
2022/03/16
Author
jedlloren