3 Recession-Proof TSX Stocks to Hold in 2022

Description

Experts and Canadian consumers alike have increasingly uttered the dreaded “R” word when discussing the economy in recent months. The Bank of Canada (BoC) is set to move forward with yet another 50-basis-point rate hike on June 1, if recent reports are to be believed. That will put added strain on a market that has thrived on loose monetary policy for over a decade. Moreover, investors also must contend with high inflation and a worsening geopolitical crisis in the form of the Russia-Ukraine war. In this environment, it may be prudent to target TSX stocks that are recession proof. Let’s dive in.

Why investors can trust grocery giants in the face of economic turbulence

Grocery retail stocks proved to be a fantastic hold during the late winter and early spring 2020 market pullback. The high rate of inflation has also freed up these retailers to thrive due to soaring food prices. **Loblaw Companies** (TSX:L) is the largest grocery retailer in Canada, owning and operating subsidiaries like No Frills, Fortinos, Shoppers Drug Mart, and many others.

Shares of this TSX stock have climbed 14% in 2022 as of early afternoon trading on May 31. In the first quarter of 2022, the company posted revenue growth of 3.3% to $12.2 billion. Meanwhile, adjusted EBITDA jumped 10% to $1.34 billion. Shares of this TSX stock possess a favourable price-to-earnings (P/E) ratio of 20. It offers a quarterly dividend of $0.405 per share, representing a modest 1.3% yield.

Here’s why Corby Spirit and Wine is a TSX stock worth holding in a recession

Corby Spirit and Wine (TSX:CSW.A) is a Toronto-based company that manufactures, markets, and imports spirits and wines primarily in Canada. Alcohol has a reputation for resilience during previous periods of economic turmoil. Corby owns top brands like Wiser's whisky, Polar Ice Vodka, Royal Reserve, and others. Shares of this TSX stock have climbed 10% so far in 2022.

The company unveiled its third-quarter fiscal 2022 results on May 12. It delivered adjusted revenue growth of 4% in Q3 fiscal 2022. Meanwhile, adjusted net earnings were up 7% compared to the year-to-date rate in fiscal 2020. Corby continues to show positive trends in the wake of the pandemic.

This TSX stock last had a very solid P/E ratio of 20. It currently offers a quarterly dividend of $0.24 per share, representing a strong 5.1% yield.

One more TSX stock to target in an uncertain economic climate

Hydro One (TSX:H) is the third TSX stock I'd look to snatch up to protect yourself from a potential recession. This top utility boasts a monopoly in its home province of Ontario. Shares of Hydro One have increased 7.1% so far in 2022.

Earnings per share (EPS) climbed 15% year over year to $0.52 in the first quarter of 2022. Meanwhile, it reported revenues of $2.04 billion — up from $1.81 billion in the previous year. Shares of this TSX stock last had a favourable P/E ratio of 20. Better yet, it announced a quarterly dividend of $0.2796 in its quarterly report. That represents a 3.1% yield.

CATEGORY

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2. TSX:H (Hydro One Limited)
3. TSX:L (Loblaw Companies Limited)

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