3 TSX Recession-Proof Dividend Stocks

Description

The **S&P/TSX Composite Index** slipped 31 points to open the month of June. Meanwhile, the Bank of Canada (BoC) moved to increase the benchmark interest rate by 50 basis points, as inflation has continued to confound policymakers. Some analysts and experts are worried that interest rate tightening could severely disrupt the economy going forward. Today, I want to look at three dividend stocks on the TSX that are worth holding in the event of a recession hitting in the first half of this decade. Let's jump in.

Here's why investors can trust dividend stocks like Metro in a recession

Metro (TSX:MRU) is a Montreal-based company that operates as a retailer, franchisor, distributor, and manufacturer in the food and pharmaceutical sectors domestically. Grocery and pharmaceutical retail proved very resilient during the 2020 market pullback. Investors can trust these essential services even during a recession. Shares of this dividend stock have climbed 2.9% in 2022 as of close on June 1. The stock is up 18% from the previous year.

Investors got to see Metro's second-quarter fiscal 2022 earnings on April 21. Its sales increased 1.9% year over year to $4.24 billion. Meanwhile, adjusted net earnings jumped 5.1% to $204 million. Moreover, adjusted diluted earnings per share climbed 7.7% to $0.84.

This dividend stock possesses a favourable price-to-earnings (P/E) ratio of 19. It offers a quarterly dividend of $0.275 per share. That represents a modest 1.5% yield.

This top Canadian utility is a profit machine

We are going to stay on the essential services track with **Hydro One** (TSX:H), the top utility in Canada's largest province. Shares of this dividend stock have climbed 7.3% so far this year. HydroOne is up 14% compared to the same period in 2021.

The company released its first-quarter 2022 results on May 5. It delivered total revenues of $2.04 billion — up from $1.81 billion in the previous year. Hydro One benefited from the impacts of the OEB decision in April. Earnings per share (EPS) increased 15% from the prior year to $0.52.

Hydro One possesses a very solid P/E ratio of 21. It last announced a quarterly dividend of $0.28 per share, which represents a 3.1% yield. The company has delivered dividend growth every year since its debut on the TSX.

One more dividend stock you can trust in a recession

Corby Spirit and Wine (TSX:CSW.A) is the third dividend stock I'd look to snatch up and hold in the event of a recession. This stock offers exposure to the alcohol space, which has proven historically resilient in the face of economic turmoil. Indeed, alcohol consumption can sometimes increase in the face of economic turbulence. Corby manufactures, markets, and imports spirits and wines. It owns or represents top brands like Polar Ice Vodka, Ungava Premium Gin, Lot 40 Canadian Whisky, and others.

In Q3 fiscal 2022, the company posted adjusted revenue growth of 4%. Meanwhile, adjusted net earnings were down compared to the previous year. Shares of this dividend stock possesses an attractive P/E ratio of 19. Corby offers a quarterly dividend of $0.24 per share, representing a strong 5.3% yield.

CATEGORY

1. Investing

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1. TSX:CSW.A (Corby Spirit and Wine Limited)
2. TSX:H (Hydro One Limited)
3. TSX:MRU (Metro Inc.)

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