Recession Fears? 3 Top Defensive Canadian Stocks to Hold

Description

Experts and analysts are increasingly sounding the recession alarm as we get closer to the summer season. Central banks in the developed world have moved to aggressively increase interest rates to combat surging inflation. This policy path combined with other concerning fundamentals have some investors running scared. Today, I want to look at three defensive Canadian stocks that can offer protection for the rest of 2022 and beyond.

This REIT is one of my top targets in this uncertain economy

Canadian Apartment REIT (TSX:CAR.UN) is a Toronto-based real estate investment trust (REIT) that offers exposure to apartment residences across Canada. The domestic real estate space has enjoyed huge growth over the past decade. Interest rate hikes are applying pressure, but the fundamentals in this space remain strong. Shares of this REIT have dropped 23% in 2022 as of early afternoon trading on June 13.

This REIT released its first-quarter 2022 results on May 16. Its overall portfolio occupancy rose to 98% compared to 97.3% in the first quarter of 2021. Meanwhile, net operating income rose to $153 million compared to $146 million in the prior year. Moreover, operating revenues increased to $246 million over $227 million in the first quarter of 2021.

Shares of this defensive Canadian stock currently possess a very favourable price-to-earnings (P/E) ratio of 5.8. This REIT offers a monthly dividend of $0.121 per share. That represents a 3.2% yield.

Here’s a Canadian stock you can trust in any environment

Waste Connections (TSX:WCN)(NYSE:WCN) is another Toronto-based company that provides non-hazardous waste collection, transfer, disposal, and resource recovery services in the United States and Canada. This is the kind of highly dependable business that investors should look to rely on in the face of economic turbulence. Shares of this defensive Canadian stock have dropped 8.6% in 2022 at the time of this writing. The stock is still up 5.2% from the previous year.

The company released its first-quarter 2022 earnings on May 3. It delivered revenue growth of 17% to $1.64 billion. Meanwhile, it reported adjusted net income of $213 million, or $0.82 per diluted share — up from $185 million, or $0.70 per diluted share, in Q1 2021. Moreover, adjusted EBITDA rose to $502 million over $433 million in the previous year.

This defensive Canadian stock is trading in favourable value territory compared to its industry peers. It offers a quarterly dividend of $0.23 per share, representing a modest 0.7% yield.

A retail giant that is the perfect defensive Canadian stock

Alimentation Couche-Tard (TSX:ATD) is another defensive Canadian stock you can trust in a recession. The company operates and licenses convenience stores around the world. Its shares have climbed 4% so far this year.

In Q1 2022, total merchandise and service revenues increased 5.4% year over year to $4.1 billion. Meanwhile, total revenues rose to $13.5 billion compared to $9.70 billion in the first quarter of 2021. This defensive Canadian stock last possessed a favourable P/E ratio of 16. It reintroduced a quarterly dividend of $0.0875 per share. This represents a 0.8% yield.

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3. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
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aocallaghan