



## 2 Stocks You Can Have Confidence in Through a Recession

### Description

Throughout 2022, but especially over the last few trading days, stocks have sold off significantly as investors worry about the potential for a recession on the horizon.

Investors know that the central banks have a tough road ahead, as it's going to be very difficult to cool the economy and inflation using interest rates as the main tool without causing a simultaneous slowdown in economic growth.

That's the main reason why investors and economists continue to think a recession is likely next year. It's also why stocks continue to sell off, particularly companies and industries that are largely being impacted by inflation and would have trouble performing through a recession.

Lucky for investors, though, there are plenty of high-quality stocks with resilient operations that you can have confidence owning through a recession.

### Why do stocks sell off ahead of a recession?

In general, one of the main reasons that stocks sell off ahead of a recession is that investors are worried about how the economic environment will impact each company's operations.

At the very least, almost every business will see some type of impact on operations that will affect profitability and the potential that these stocks can earn. So, it makes sense that valuations, which are based on future earnings, will come down.

However, there's also the possibility that a recession could cause businesses to lose tonnes of value or potentially go bankrupt. So, it's not uncommon during market selloffs like we're seeing today to see many stocks fall significantly in value.

So, the more defensive and resilient a company's operations, the more confidence you can have owning it through a recession. However, it's important to remember that almost every stock will be impacted by a recession, but if you buy high-quality and defensive businesses, it certainly shouldn't be

anything to lose sleep over.

If you're looking to find some of the best and most reliable stocks to buy for a recession, here are two of the best in Canada.

## Two of the best and most resilient stocks to buy in today's environment

If you're looking for high-quality [defensive stocks](#) to buy and hold through a recession, **Emera** ([TSX:EMA](#)), the well-diversified utility stock, is one of the best you can buy.

Emera is a stock that you can have confidence in because its operations are highly defensive. Electricity and gas are two essentials that both residential and commercial customers need, whether there's a recession or not, so Emera is a stock that should see only minimal impacts from a slowing economy.

Furthermore, the industry is regulated by the government. This makes the industry incredibly safe. And because much of the cash flow these companies generate is predictable and stable, not only is it one of the best stocks that you can have confidence in through a recession, but Emera also pays an attractive dividend that currently offers a [yield](#) of 4.4%.

Another stock you can consider is a company like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). Enbridge is a stock with a bit more risk than a low-risk utility like Emera. However, given that its operations span North America and are crucial to its economy, it's another highly defensive stock that you can have confidence owning for the long haul.

Enbridge is a stock that's survived not only several recessions in its history but also several commodity cycles and has a highly diversified business, which helps to mitigate a lot of the risks.

Plus, the stock offers an even more attractive dividend with a current yield of 6.1%. And based on the company's guidance and the distributable cash flow it expects to generate, that dividend looks to be considerably safe.

Therefore, if you're looking to add high-quality stocks that you can buy and hold with confidence, even if a recession hits, both Emera and Enbridge are certainly two of the best to consider.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:EMA (Emera Incorporated)
3. TSX:ENB (Enbridge Inc.)

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