Market Correction: 1 Future Dividend King to Buy Today

Description

The market correction came fast and furious, but many pundits seem to think things will keep getting worse as we inch into the second half of 2022. It's hard to stay optimistic at a time like this. The U.S. Federal Reserve and Bank of Canada (BoC) are ready to hike rates much higher to catch up after falling behind the curve for most of 2021.

Horrid inflation headwinds won't back down

With Russia's invasion of Ukraine adding fuel to inflation and intermittent COVID lockdowns in China, global supply still seems to be constrained. Though consumer demand has remained robust, it's unclear how long that will last, as higher prices wither away the nest eggs of consumers saved up during the worst of 2020's lockdowns.

Eventually, savings could dry up at the hands of inflation, and many may not be able to meet the pent-up demand for various goods and services that may be in low demand today. Though intelligent people like Dr. Michael Burry, who shorted the housing market before the 2008 stock market crash, believe that a consumer recession could hit before the holidays, I'd argue that positive surprises are still possible and should be factored into the analysis of individual investors.

Market correction: Any sense staying (cautiously) optimistic?

The outlook could not be worse at this juncture. Still, positive things can happen, like the rolling over of inflation. Right now, it's all about those CPI numbers. If they're hot, markets will suffer in anticipation of much higher rates. Even if inflation shows signs of cooling off, there are concerns that corporate earnings could continue to weaken.

Undoubtedly, there has been a lot of negativity in the news of late, especially with technology firms, where layoffs and hiring freezes have grown commonplace. With the S&P 500 back in a bear market, it's hard to stay contrarian now that almost everyone else has turned bearish, with many big banks lowering their year-end price targets for a wide range of stocks.

Although the macro outlook stinks, it's still worth looking at individual firms. There's still value out there, even though cheap names on your radar can get a lot cheaper in just a matter of days or weeks.

Consider **Restaurant Brands International** (TSX:QSR)(NYSE:QSR): a bargain that could withstand the next recession.

Restaurant Brands International: A Dividend King in the making?

Restaurant Brands is a fast-food king, with four top-notch brands in Tim Hortons, Popeyes Louisiana Kitchen, Burger King, and, the most recent addition, Firehouse Subs. As great as the brands may be, management has struggled to keep up with intense rivals, especially Tim Hortons. Though the Justin Bieber promotions could reignite interest, I think an economic slowdown could provide Tims and the other QSR brands with a sales jolt.

At the end of the day, Restaurant Brands offers fast food at incredibly low prices, making it a tremendous recession-resilient play that could gain a leg up over pricier rivals.

For now, the stock will likely fall in sympathy with the rest of the market. Still, it should be rallying, given "inferior" goods tend to fare far better when the economy tilts into a recession. At writing, the stock yields 4.3% with a mere 3.8 times sales multiple.

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