# 3 Dividend-Paying, Recession-Resistant Stocks to Buy in July

### Description

The R-word has been hovering over investors' heads for some time now. Some experts say that the U.S. is already in a recession. It's just that data for the second quarter hasn't come in yet.



And as the saying goes, "If the U.S. catches a cold, the world sneezes." Canada is the closest neighbor the U.S. has, apart from Mexico, and it is not unreasonable to assume that Canada might also slip into a recession by the end of 2022.

If such an event comes to pass, investors would do well to invest in stocks that are not impacted too much by an economic slowdown. Utilities is one of the safest sectors to invest in during volatile times.

Good times or bad, everyone needs electricity, and these stocks frequently provide a safe harbour during bear markets. Let's take a look at three such recession-resistant stocks you can buy in July.

## Hydro One

**Hydro One** (TSX:H) is Ontario's largest electricity transmission and distribution service provider.  It distributes electricity across Ontario to nearly 1.5 million customers, or approximately 26% of the total number of customers in Ontario. It includes residential, small business, commercial, and industrial customers.

Hydro One stock has grown at a CAGR of 8.79% for the last five years and is the closest one can get to a monopoly in Ontario.

Hydro One will never make the list of "top growth stocks to buy on the TSX," but chances are, it will continue to make the list of recession-resistant stocks for most investors. While markets have crashed in the first half of the year, Hydro One stock has gained over 6%.

The company offers investors a forward dividend yield of 3.23%. Currently priced at $34.5 per share, Hydro One is trading at a 5% discount to consensus price target estimates. After accounting for its dividend yield, total returns will be closer to 8%.

## Fortis

**Fortis** (TSX:FTS)(NYSE:FTS) is an electric and gas utility company that has increased its dividend payout for 48 consecutive years. That's right; Fortis has weathered several economic downturns in the past due to its ability to generate cash flows across business cycles.

It increased its dividend by 6% in 2021 and expects the payout to grow by the same number through 2025. Fortis currently offers investors a forward yield of 3.5%.

The company operates across the U.S., Canada, and the Caribbean, and services 3.4 million customers. Fortis stock is up over 35% in the last five years and has gained 0.4% in the first six months of 2022.

## Emera



The final stock on my list is **Emera** (TSX:EMA), another utility company with a handsome forward dividend yield of 4.39%. The company has increased its dividends for 15 straight years. It can sustain and increase its dividends because of its regulated utility business.

Emera stock has dropped around 6.5% from the last week of May, making it a bargain buy today. The stock is currently trading at $60.5, and the consensus price for the stock is $65.3, which is a potential upside of over 8%. When you factor in the dividend, you are looking at a gain of around 13% in a volatile market.

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3. TSX:FTS (Fortis Inc.)
4. TSX:H (Hydro One Limited)

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