



Recession Fears: 3 Safe Stocks You Can Still Invest in

Description

The **TSX Composite Index** has already fallen 15.2% from its 2022 peak, and many people are connecting this fall to a recession. But it's not the case, according to some sources. Canada is expected to face a prolonged recession from next year onward, with the primary trigger being the aggressive increase in the interest rates by the Bank of Canada.

Unlike [market crashes](#) that allow you to invest in good companies at a discounted price, recessions can test a company's financial strength. If the recession lasts for a relatively long time, it may even dampen the pace and extent of a stock's recovery. But even during such recessions, there are several safe bets to be made.

A utility stock

TransAlta Renewables ([TSX:RNW](#)) has been in the utility game for about a century. The company uses a mix of sources for power generation, including wind and hydro (renewables) and gas, the cleaner fossil fuel. It mostly has a regional presence in Canada and the U.S., but it *has* expanded to Australia, where it operates a natural gas utility business.

The stock leans more heavily towards dividends than capital appreciation. In the last five years, the stock has only grown about 8%, but the best growth phase within that time frame (between the lowest and the highest price mark) was over 130%. It's trading at a heavy discount from the most recent peak, hence the juicy yield of 5.6%.

As a utility business with long-term contracts (the average weighted contract life is 12 years), it's well positioned to survive a recession, even a long-term one.

A waste management stock

Another essential service that people can't dispense with, even during a recession, is waste management, which makes companies like **Waste Connection** ([TSX:WCN](#))([NYSE:WCN](#)) a relatively

safe investment to weather the recession.

But its safety comes from other factors as well, including the geographic diversification and reach of its operations and the fact that it's one of the largest publicly traded companies in this space around the globe.

Waste Connections is more of a growth stock, even though it's an established Dividend Aristocrat. The price has risen over 97% in the past five years alone, so it's capable of almost tripling your capital within a decade. As for the dividends, the current yield is just 0.72%, but since it regularly raises its payouts, the dividend can be considered a worthwhile bonus.

A telecom stock

Telus ([TSX:T](#))([NYSE:TU](#)) might not be as resilient against a recession as the other two on this list, but the company has a lot of positives going for it. As a leader in a highly consolidated industry, it has a stable business and reliable customer base.

Plus, the stock is heavily investing in 5G, especially in the next few years, so the 5G penetration and new customers/new business might be enough to counteract the negative impact of the recession.

It offers a healthy mix of dividends and capital-appreciation potential. It rose about 29% in the last five years and over 84% in the previous decade. The discrepancy comes from the pandemic's impact on the stock's performance. It's offering an attractive 4.6% yield at the moment and is available at a discounted price (16%).

Foolish takeaway

The three stocks can be healthy and reliable holdings during a recession, especially if you are planning on holding them long term. Even if they dip during the recession or experience long periods of stagnation, the companies have the potential to break out of the rut and start growing again eventually.

CATEGORY

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2. Investing

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2. NYSE:WCN (Waste Connections)
3. TSX:RNW (TransAlta Renewables)
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