3 Recession-Resistant Stocks to Buy Right Now

Description

Consumer spending has decreased in response to the climbing inflation rate. Because of this, many fear that a recession is just around the corner. If that happens, then it could be terrible for the stock market. However, it's important to note that not all stocks would be affected equally during a recession. While many companies in the tech and healthcare sectors could see their stocks suffer, certain companies in other sectors could continue to thrive. In this article, I'll discuss three recession-resistant stocks to buy right now.

Utility companies could continue to succeed

Regardless of what the economy looks like, utility companies could remain in high demand. This is because residence, industrial, and commercial buildings will continue to use electricity and other utilities. With that in mind, I believe **Fortis** (TSX:FTS)(NYSE:FTS) could continue to find success if we enter a recession. This company provides regulated gas and electric utilities to more than three million customers across Canada, the United States, and the Caribbean.

In addition to the stability this stock would provide investors during a recession, Fortis is a tremendous dividend company. Fortis has raised its dividend in each of the past 47 years. This gives it the second-longest active dividend-growth streak in Canada. Over the past five years, Fortis has managed to grow that dividend at a compound annual growth rate (CAGR) of about 6%.

Consider grocery companies

Investors should also consider buying shares of grocery companies. Although consumer spending has slowed down, buying food is an essential part of life. Because of that, we shouldn't see any major decreases in this area, unless things become catastrophic. If I could only buy shares of one grocery company, it would be **Metro** (TSX:MRU). This company operates more than 500 retail locations across Quebec and Ontario.

A strong performer, Metro stock has managed to gain about 4% this year. When comparing that to the

8% loss that the **TSX** has generated this year, it's clear that Metro has managed to outperform the market by a wide margin. This stock is listed as a Canadian Dividend Aristocrat, after having increased its dividend in each of the past 26 years.

Invest in the banks

Finally, Canadians should strongly consider investing in the Big Five banks. The banking sector is an excellent area to invest in as interest rate rise. This is because high-interest environments are more favourable to banking companies, as it often leads to a widening in profit margins. In addition, the Big Five banks are among the most influential companies in Canada. All five banks are among the 15 largest companies (by market cap) in the country. The four largest banks are among the eight largest companies in Canada.

If I had to pick one bank stock to invest in, it would be **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). This company stands out among its peers because of its focus on international growth. By placing a large importance on geographic diversification, Bank of Nova Scotia provides its business with a safety net, should the Canadian economy tumble in the near term. As an added incentive, Bank of Nova Scotia has managed to pay shareholders a dividend in each of the past 189 years.

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