New to Investing? Here are 2 Recession-Resistant Stocks to Consider for Your Portfolio Right Now

Description

Being new to stock market investing in the current environment might seem intimidating. Inflation is reaching alarming levels, and central banks continue to increase benchmark interest rates to slow it down. Despite the efforts of central banks, inflation will likely take a long time to cool down and will require further interest rate hikes.

Between economic activity slowing down and persistent inflation, there is a high risk of a recession hitting the country soon. It's impossible to say when that might happen, but a recession is inevitable. Recessions are a part of the economic cycle, and certain sectors of the economy tend to outperform the broader market during these times.

During recessions, utility and consumer defensive stocks tend to perform better than the rest of the market. If you're new to investing and are looking for stocks for beginners to prepare for a recession, these two **TSX** stocks could be strong bets to consider.

Fortis

Fortis Inc. (TSX:FTS)(NYSE:FTS) is a $29.02 billion market capitalization utility holdings company. It owns and operates several regulated electric and natural gas utility businesses across Canada, the U.S., the Caribbean, and Central America. Fortis earns most of its revenue through rate-regulated and long-term contracted assets that generate predictable cash flows.

As of this writing, Fortis stock trades for $60.32 per share and boasts a 3.55% dividend yield. The Canadian Dividend Aristocrat has a 48-year dividend growth streak and looks well-positioned to become a Canadian Dividend King in the next few years.

Its predictable cash flows allow the company's management to fund its capital programs and comfortably grow shareholder dividends. It can be a stable, growth-oriented addition to your beginner portfolio.

Dollarama

Dollarama Inc. (TSX:DOL) is a $23.27 billion market capitalization discount store retail chain. Headquartered in Montreal, it is Canada's largest retailer of items for four dollars or less, and has over 1,400 locations throughout Canada.

It went public in 2009 after the Great Recession and has performed well since becoming a publicly-traded company. It's grown at a compound annual growth rate (CAGR) of 28% since 2009 and looks well-positioned to continue performing strongly.

As of this writing, Dollarama stock trades for $80.35 per share and boasts a 0.28% dividend yield. Businesses like Dollarama tend to perform well during the entire economic cycle due to the cost savings it offers on consumer staples and discretionary items. If you're looking for a stock that can weather the storm and maintain strong performance during recessions, Dollarama stock could be a strong bet to consider.

Foolish takeaway

A word of warning: Even the most resilient businesses are not impervious to the impact of recessions. However, businesses providing essential services are likelier to perform better than the broader market during recessionary periods.

Fortis can continue generating predictable cash flows because people will continue using its services even during harsh economic environments. Nobody wants to save costs by cutting off utility services. Instead, people tend to look for ways to reduce spending, and discount stores like Dollarama provide the opportunity to cut down on grocery costs, making it a popular business during recessions.

As a beginner investor, these two resilient businesses could be excellent additions to your investment portfolio.

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1. Dividend Stocks
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