3 Recession Resistant Stocks to Buy Right Now

Description

Market volatility has persisted throughout 2022. That same uncertainty is likely to persist well into next year, leading to a possible recession. Fortunately, there are some recession resistant stocks you can buy right now to weather the storm.

Here's a look at three stellar options to consider.

Utilities are recession resistant stocks to own

Utilities are some of the best defensive stocks on the market. This comes down to the lucrative yet very stable business model that they adhere to. In short, utilities provide a service that is backed by long-term regulatory contracts. While the utility continues to provide that service over the long term, it generates a recurring and stable revenue stream.

That's one reason why investors should consider **Fortis** (TSX:FTS)(NYSE:FTS). Fortis is one of the largest utilities on the continent. The company has operations across Canada, the U.S., and the Caribbean.

There are two key advantages that Fortis presents to prospective investors. First, unlike many of its peers, Fortis has taken an aggressive approach to growth. Historically, this translated into acquiring smaller players in adjacent or complementary markets.

More recently, that growth has shifted to upgrading and transitioning existing operations to cleaner, renewable facilities. In fact, Fortis has earmarked billions in capital improvement funds to spearhead that growth. This is a big deal considering that The International Renewable Energy Agency (IREA) recently reported that today's power generation includes about 30% renewables, and this percentage needs to increase to around 90% by 2050.

The other key point is Fortis' dividend. The company offers a healthy quarterly dividend that currently carries a yield of 3.62%. Additionally, Fortis has provided annual bumps to that dividend for an incredible 48 consecutive years.

That fact, coupled with the defensive appeal inherent to a utility makes Fortis a great recession resistant stock that should be on everyone's radar.

Growth comes in all forms

Some businesses, such as dollar stores are known to thrive during market slowdowns. That's precisely why investors looking for recession resistant stocks should consider **Dollarama** (TSX:DOL).

Dollarama is the largest dollar store in Canada, with over 1,400 locations across the country. Few Canadians may be aware of this, but Dollarama also has a growing network of stores scattered across several Latin American nations. Those international locations operate under the Dollar City brand.

What makes stores like Dollarama especially appealing during a recession is the value proposition they provide. During slowdowns, consumers seek out lesser-expensive options for everyday goods. The same could be said during times of high inflation like we've seen this year.

Dollarama's unique pricing model, which boasts several fixed-price point options provides a sense of value to those consumers. The result is a win for Dollarama in the form of improved results and repeat customers.

By way of example, whereas much of the market is flat or in the red for 2022, Dollarama has soared over 27%. With market volatility set to continue for some time, the appeal of this discount retailer will only increase.

Banking on growth and history

Canada's big banks are some of the best long-term investments on the market. They also run very mature, consistent operations that in some cases, span back well over a century. That's part of the reason why investors looking for recession resistant stocks should take a closer look at **Bank of Montreal** (TSX:BMO)(NYSE:BMO).

BMO is not the largest of Canada's big banks, but it has a stellar history of surviving multiple downturns. The bank is the oldest in Canada, with nearly 200 years of experience and paying out dividends.

More importantly, the bank has weathered slowdowns before, and unlike its U.S.-based peers, has fared much better during tough times.

Apart from its defensive appeal, BMO is an attractive option for both growth and income-minded investors. On the growth front, BMO's acquisition of Bank of the West announced last year is significant. The US$16.3 billion deal will expose BMO to multiple new U.S. state markets and provide an influx of millions of customers once complete.

Turning to income, BMO offers investors a quarterly dividend that has a handsome yield of 4.35%. This makes BMO one of the better-paying options on the market right now.

Buy recession resistant stocks now

No stock is without risk. Fortunately, the stocks mentioned above offer some defensive appeal in their respective fields. In my opinion, they're great investments that should be part of any well-diversified portfolio.

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