3 Recession-Resistant Stocks to Buy Right Now

Description

Similar to death and taxes, an economic recession is also unavoidable. There are periods of expansion followed by periods of economic contraction, which is known as a recession. Typically, the stock market experiences a selloff and may enter bear market territory in a recession due to lower consumer spending.

As stock valuations plummet, there are a few companies that perform better than others in a challenging environment. These companies are what you may consider recession resistant and are somewhat immune to economic downturns. Let's take a look at three such stocks you can buy right now.

Brookfield Infrastructure Partners

Brookfield Infrastructure Partners (TSX:BIP.UN)(NYSE:BIP) owns utility operations globally. It has electric transmission and distribution lines in Brazil and Australia in addition to natural gas pipelines in North America, India, and South America. The company also owns and operates infrastructure assets, such as toll roads, railroads, energy midstream assets, data centres, cell towers, and data transmission assets, among others.

Brookfield is further diversifying its revenue stream after it inked a deal with tech giant **Intel**. The two companies have collaborated to build a fabrication facility in Arizona.

Shares of Brookfield are trading just 7% below record highs, and the stock has returned 381% to investors in the last 10 years. Despite its outsized gains, Brookfield Infrastructure offers investors a dividend yield of 3.4%. It's also trading at a discount of almost 40% compared to average analyst price target estimates.

Loblaw Companies

A food and pharmacy company, **Loblaw** (TSX:L) provides a range of essential products to its

customers. While several indices are trading in the red this year, Loblaw stock has gained close to 13% in 2022, showcasing its resilient business model.

While it's part of a boring sector, Loblaw has returned close to 400% to investors in dividend-adjusted gains since September 2012. Its forward yield stands at 1.4%, given Loblaw pays shareholders a dividend of $1.62 per share.

Loblaw stock is valued at 17.4 times forward earnings, which is quite steep for a grocery chain. But the company is forecast to increase adjusted earnings by almost 20% in 2022, indicating it also enjoys pricing power.

Loblaw recently collaborated with **DoorDash**, which should drive its grocery-delivery sales higher in the future. The stock is trading at a discount of 12% compared to average price target estimates.

Hydro One

The final stock on my list is **Hydro One** ([TSX:H](#)), a Canada-based electricity transmission and distribution company. Investors can invest in Hydro One and participate in the transformation of a premium large-scale utility.

Hydro One is among the largest electrical utilities in North America, with a strong investment-grade balance sheet in the utility sector. It operates in a stable and collaborative rate-regulated environment, enabling Hydro One to derive stable cash flows across market cycles.

It pays investors annual dividends of $1.12 per share, indicating a forward yield of 3.1%. The company has a payout ratio of between 70% and 80%, allowing it to keep expanding its rate base and strengthen its balance sheet over time.

Hydro One stock went public in November 2015 and has since returned 62% to investors. After adjusting for dividends, total returns are closer to 111%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:H (Hydro One Limited)
4. TSX:L (Loblaw Companies Limited)

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