



How to Make Money in a Recession: 1 Growth Star to Buy and Hold

Description

Global recessions can be pretty scary, especially for those who weren't invested through the dot-com bust of 2000 or the 2008 stock market meltdown. Indeed, haunting memories are returning to the many [investors](#) who lived through the carnage more than 14 years ago. Though the benchmark for many will always be 2008, I'd argue that bear markets do not have to entail a terrible 55-60% crash from peak to trough. They can, but, on average, they're less likely, especially given central banks will look to balance economic pain with inflation pressure.

How much force it will take to break the back of inflation will be anyone's guess. Right now, markets think it could take rates between 4% and 5%. Indeed, stocks have already sold off accordingly to the economic damage that such a rate shock could spark.

The Fed's fight with inflation sends shockwaves through markets

The real question is whether the Federal Reserve will be open to easing monetary policy once it finally does accomplish its mission of driving down the rate of inflation. Though Fed chairman Jerome Powell may shy away from rate cut chatter (he probably shouldn't, anyways) at a time like this, one has to think that cuts could follow hikes in a worst-case scenario that sees market stability taking a turn for the worst.

At the end of the day, the medicine of interest rate increases should not prove more detrimental than the disease (inflation) that it seeks to cure. Though the Fed has made mistakes in the past, it's more than capable of learning and adapting in a way to minimize the pain of consumers and those in the labour force.

In this piece, we'll have a look at two intriguing growth gems that can hold their own, even as rates soar higher. Indeed, the two growth stocks in this piece are not the unprofitable tech firms that skyrocketed to the moon back in 2021. Rather, they're less-exciting firms with reliable cash flows and real earnings growth prospects.

Couche-Tard stock: Convenience could be key to beating markets

Consider shares of **Alimentation Couche-Tard** ([TSX:ATD](#)), a convenience retailer I'm tempted to buy more shares on amid its latest 10% slump.

Sure, a 10% drop isn't nearly as much as the S&P 500's flop (down nearly 25% from the top). However, I'd argue that the consumer staple has what it takes to power through a downturn with minimal damage. Further, I believe the strong managers are well worth the price of admission.

Couche shares are [cheap](#), given they crushed the TSX Index this year at 15.19 times trailing price to earnings, well below industry averages. While a recession could cause many to spend less across the board, the grocery nature of Couche's offerings should help it dodge and weave past hard hits thrown its way.

Further, fuel prices are dropping in a big way. That means more people on the road and greater opportunity for high-margin merchandise sales. Indeed, lower fuel prices don't necessarily translate to lower fuel margins. If anything, much lower fuel costs are a boon to Couche's business, as it looks to expand its footprint on the global scene.

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