



Rising Recession Fears: Smart TSX Stocks to Buy Right Now

Description

Throughout the year, as more economic data has come in, fears that a recession is looming have continued to increase. This makes it crucial to ensure that investors make smart decisions when it comes to deciding which **TSX** stocks to buy right now.

Importantly, investors should know a recession doesn't necessarily mean doom and gloom is on the horizon. In fact, many economists are hopeful we will see a mild recession whereby economic growth only minimally declines.

Nevertheless, with interest rates rising and [inflation](#) already impacting consumers' budgets, there's bound to be a slowdown in economic growth. That's why if you're looking for smart TSX stocks to buy now, defensive businesses with essential operations are some of the best to consider.

Anytime consumers are seeing their budgets impacted, whether it's by surging inflation such as we've seen this year, or a recession causing unemployment to rise, consumers cut discretionary spending first.

Therefore, owning defensive businesses such as residential [real estate](#), utilities, or grocery stores makes a lot of sense. These companies often see much smaller impacts from recessions than businesses that don't sell essential goods or services.

So if you're looking for smart TSX stocks to buy now, here are two of the best Canadian stocks that should weather a recession well.

One of the best defensive growth stocks on the TSX to buy and hold for years

Naturally, investors seek stocks they can buy now that deliver reliable performance in this environment. Yet, the stock should still offer investors exposure to long-term growth potential. **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is a good match.

Brookfield owns a portfolio of high-quality infrastructure assets in countries all over the world. This well-diversified portfolio of assets essential to their respective economies makes Brookfield an extremely reliable investment.

The company owns assets such as ports, railroads, pipelines and telecom towers. Moreover, it is constantly looking all over the planet for high-quality assets that it can add to its portfolio at a discount.

Plus, in addition to the fact that these assets are defensive, most have their revenue indexed to inflation. The inflation hedge should help Brookfield to see significant organic growth while price levels continue to rise.

Furthermore, Brookfield's assets are constantly generating tonnes of cash flow, while it also recycles capital. This makes BIP an incredible long-term growth stock that aims to increase its distribution between 5% and 9% each year. That's why BIP is one of the best TSX stocks you can buy for both resiliency and significant long-term growth potential.

In just the last three years, Brookfield has increased its funds from operations (FFO) by over 40%. And over the next three years, analysts estimate it can grow its FFO by nearly 50%.

Therefore, if you're looking for smart TSX stocks to buy now, Brookfield Infrastructure stock looks like a solid choice.

A top utility stock offering an attractive dividend yield

Another smart investment for Canadians to buy now is **Emera** ([TSX:EMA](#)), one of the best utility stocks on the TSX.

Emera is a smart stock to buy now because the services it offers, electricity and gas utility services, are highly essential. Both residential and commercial customers need utilities. Furthermore, the industry is government regulated.

And because it's a regulated industry, much of Emera's future revenues and cash flows are highly predictable. This is one of the reasons why it's such a reliable investment in these environments. It's also why Emera can consistently increase its dividend and continue to invest in growing its business over the long run.

And right now, Emera's dividend offers a yield just shy of 5%. This dividend has increased by roughly 17% over the last five years.

It's worth noting that it won't offer as much growth potential as Brookfield. However, it's incredibly safe, and analysts still expect its earnings per share to grow by 21% over the next three years.

So if you're looking for smart TSX stocks to buy in this environment, Emera and high-quality utility stocks like it are excellent investments to consider.

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:EMA (Emera Incorporated)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

default watermark

PP NOTIFY USER

1. cleona
2. danieldacosta

Category

1. Dividend Stocks
2. Investing

Date

2025/06/27

Date Created

2022/10/11

Author

danieldacosta

default watermark