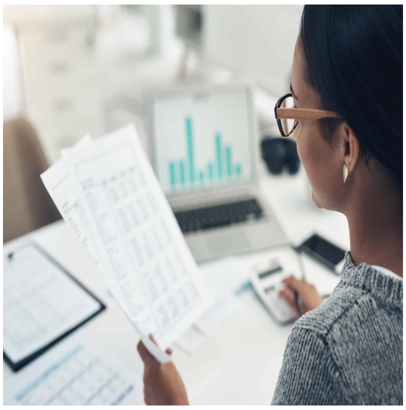

2 Well-Run Consumer Staple Stocks to Buy Now

Description

Investors had better get used to the choppy moves in this bear market. Volatility works both ways, as we discovered on Thursday's incredibly robust surge following a pretty hot inflation number in the states. Indeed, it's a bad idea to time the markets. It's an even worse idea to blindly short stocks when they can blast off in one day unexpectedly and on seemingly bad news!

Thursday's intraday turnaround was remarkable. While it may or may not be the beginning of the end of this bear market, I'd continue to urge Canadian investors to stay the course and pick away at the bargains while focusing on obtaining a great value and real cash flows. Indeed, rates could head much higher from here, and it's the unprofitable firms burning through cash that could be dealt further hits right on the chin. That's why I'd take a glance at some of Canada's promising consumer staple stocks while they're depressed.

Indeed, consumer staples are exactly the type of "any weather" investments to build your Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP) nest egg up in good times and not-so-good times!

In this piece, we'll check out two of my favourite staple stocks. Now, consumer staples are few and far between on the TSX Index. However, you don't need a huge collection. All you need is one or two great ones to tilt the odds in your portfolio's favour.

Fortunately, there are two quality staples that I actually prefer over the U.S. ones at this juncture. On average, I view the TSX staple stocks as much cheaper. Without further ado, consider shares of **Alimentation Couche-Tard** (TSX:ATD) and **Metro** (TSX:MRU).

Alimentation Couche-Tard

There aren't many Canadian companies that are global leaders in an industry. When it comes to global convenience retail, Couche-Tard is a king among men. The company has wheeled and dealed its way to having a massive network of convenience stores, mainly across the North American region (though Couche's international presence is growing). Not only is the North American convenience store market very fragmented, leaving a window open for big synergistic mergers and acquisitions, but the global scene may be even richer with value amid the market downturn.

Undoubtedly, international markets could feel the most weight of the coming recession. And with billions on hand to spend on deals, expect Couche-Tard to thrive in the recession and walk out of it with merchandise in both hands.

While the business of convenience stores is boring, with stable cash flows, I favour Couche-Tard more for its incredible management team. They know value, and they're more disciplined than other corporate executives. With such a keen eye for synergies, it's no mystery that the executives are big owners themselves.

Sure, Couche-Tard lost its "B" share structure, but it's still very much run like a family business. With a price-to-earnings (P/E) multiple just shy of 16 times, I view Couche as a great stock at the crossroads between growth and value. I've personally been loading up on Couche shares and will continue to do so on any further dips heading into 2023.

Metro

Metro is a Quebec-based grocer that's been crushing the TSX. Up 4.2% year to date and more than 13% over the past year, the retailer has found a way to rise above inflation headwinds.

Indeed, Metro hasn't popped like most other grocery stocks (they're quite flat on the year), but I think shares could pop like a coiled spring if there's another rush for defensives.

As far as defensives go, Metro is one of the best. Even if you've never been inside a Metro-owned grocery store, it's tough to look past the firm's recession resilience and its juicy 1.58% dividend yield that's slated to grow at a consistent rate moving forward.

At 19.4 times trailing P/E, MRU consumer staple stock is a great stabilizer for a recession year, in my opinion.

CATEGORY

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2. TSX:MRU (Metro Inc.)

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