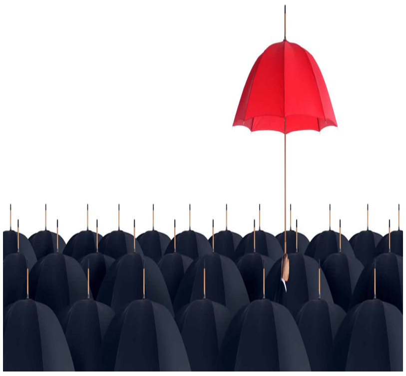

2 TSX Stocks Safer for Investing in a Recession

Description

When the market dips, many investors will start shopping for stocks, but which ones are safer for investing in a recession? While the market has dipped significantly, that market volatility has exposed some great long-term opportunities I would consider right now.

Here's a look at some of them.

A century of dividends and crazy defensive appeal

When there's a market pullback, it takes some strong defensive stocks along for the ride. That's certainly the case for **BCE** (TSX:BCE)(NYSE:BCE). BCE is one of the largest telecoms in Canada, and most defensive stocks on the market.

Telecoms run a very stable and predictable business. That makes them a safer investment in recessionary times. But what makes BCE the telecom stock for your defensive portfolio? That comes down to three key points.

First, BCE operates a well-diversified business. In addition to its core-subscription business, BCE is also a media behemoth that operates dozens of TV and radio outlets across the country. The added revenue from the media business shouldn't be dismissed. In the most recent quarter, operating revenue from media increased 8.7% to $821 million.

That's not to say that BCE's core subscription business doesn't scream opportunity. In fact, since the pandemic began, BCE's core business has only grown in importance, becoming a necessity for home-bound students and workers.

In short, BCE's multiple revenue streams help the company to invest in growth and pay out a healthy quarterly dividend. Many investors may not realize this, but BCE has been paying out dividends for well over a century. Today, that dividend offers a juicy yield of 6.24%, making it one of the better-paying returns on the market.

One final point to note has to do with timing. BCE may be one of the stocks that is safer for investing in during a recession, but it's also a stock that has dipped in 2022 along with the market.

As of the time of writing, BCE has dropped over 7% year to date. That drop isn't as much as the overall market, but it is enough to warrant investor attention.

Not all retail stocks are created equal

When most investors hear the word *recession*, retail stocks may be the last thing to come to mind. Incredibly, one of the most defensive businesses that thrive during downturns are retailers. More specifically, dollar stores.

And there's no better dollar store stock to consider right now than **Dollarama** (TSX:DOL).

Dollarama is the largest dollar store operator in Canada, boasting over 1,400 locations spread across every province. Dollarama has also expanded in recent years on the international stage. Through its Dollar City banner, Dollarama now has a growing presence in several Latin American markets.

But why is a dollar store like Dollarama safer for investing in a recession or market slowdown?

Dollarama prices goods at several fixed price-points up to $4. Some of the lower-priced items are even bundled together under a single price. This creates an added sense of value, which results in shoppers filling their carts.

During a market downturn, shoppers are on the hunt for bargains. This often leads them to turn to lower-priced alternatives and the value-bundling found at Dollarama.

Throw in some rising interest rates, and the highest inflation in four decades and you have a lucrative opportunity. That must be working, as in the most recent quarter, Dollarama saw same-store sales increase 13.2% over the prior period.

Oh, and let's not forget that we're approaching the first holiday shopping season whereby stores will be fully open to shoppers.

It's no wonder then why Dollarama has soared over 27% year to date while the market has dipped nearly 10%.

These stocks are safer investments in a recession

No stock no matter how defensive is without some risk, and that includes both stocks noted above. Fortunately, in the case of the above duo, they both boast some defensive appeal that minimizes that risk.

In my opinion, one or both stocks should be part of a larger, well-diversified portfolio.

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1. Investing

2. Stocks for Beginners

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Date
2025/09/10
Date Created
2022/10/24
Author
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