Passive Income Power Play: 2 TSX Stocks to Boost Your Income in a Recession

Description

A recession in 2023 is all the talking heads on television seem to want to talk about. The vibe is incredibly bearish. With market momentum reversing, many new investors may be feeling more anxious ahead of the holiday season. Indeed, it's supposed to be a period of seasonal strength for the broader stock markets. With the bear out in full force, the stage doesn't look too pretty ahead of Christmas and the New Year. Regardless, we're ready for this rough year to be done with already.

Now, 2023 may not bring forth much change. Unlike the move from 2021 to 2022, sentiment may not reverse just because the book has closed on a year. Though it'd be nice if stocks started rallying once the first trading day of 2023 arrives, investors must be prepared to play the long game. Stocks could continue to drag their feet for many more months. And the pain tolerance of self-guided investors will surely be put to the test once again, as growth plays continue to sink lower than the market averages.

Get paid a dividend to ride out a recession

If recession jitters are weighing down markets, should new investors steer clear until it's steadier? For those with long-term investment plans, it's arguably a better time to be a buyer while there's fear in the hearts of investors! While it may not be a terrible idea to buy back stocks at higher prices once the bear market ends, it's impossible to tell when the bear has given way to the bull.

Timing the market is impossible. It's far better to buy shares of hard-hit companies with expectations of long-term appreciation. Markets can do anything on a quarter-to-quarter (or even year-to-year) basis. On a decade-to-decade basis, though, the odds are in favour of equity investors!

In the meantime, there are huge dividends to collect while you wait. The way I see it, you may as well collect cash dividends while you sail through a recession or the next leg of the bear market.

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is a retail REIT that's been treading water over the past year, down more than 16%. Indeed, the relief rally that brought shares off their 2020 lows has come to a plunging halt. Even though we're in a pandemic, lockdowns and all the sort are unlikely in the New Year, making SmartCentres a compelling name to buy on the recent dip.

The dividend distribution yields 6.95%. And it's a safe payout, given the exposure to quality tenants, many of which are poised to do just fine through a recession year. Even if more lockdowns were to hit, Smart, I think, has proven its value as a resilient passive income payer.

At 4.8 times trailing price-to-earnings, SRU.UN is one of my favourite value plays in the high-yield space today.

Canadian Utilities

Canadian Utilities (TSX:CU) is a utility stock with a 4.83% dividend yield. The stock recently sunk alongside nearly everything else from nearly $42 per share to the mid-$30 range. I think the flop is overdone and view CU stock as a foundation for any income-focused fund going into a recession year.

The stock trades at 16.7 times trailing price-to-earnings. As an added bonus, the low 0.59 beta can help smoothen the moves in your portfolio as recession jitters continuously surge.

CATEGORY

1. Investing

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1. TSX:CU (Canadian Utilities Limited)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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joefrenette