



2 TSX Stocks for Safer Investing in a Recession

Description

With no signs of a Santa Claus Rally in sight, investors need to prepare for what could be the last innings of the bear market. Doing so entails buying secure stocks that could have a less-turbulent ride in a recession year than the market averages.

Undoubtedly, the bear market has felt incredibly grueling thus far. So many bears and pessimists think things can get worse. They can. But on the flip side, things could always get better. And when it comes to markets, investing at a moment of maximum fear tends to yield the best results over the long run (think 10 years or more).

Don't expect sudden relief from the bear market in 2023

A huge chunk of [TFSA](#) (Tax-Free Savings Account) wealth has taken a hit this year. That said, it's worth noting that this bear market is now a tad longer than average. Though the peak-to-trough downside hasn't been as severe as some of the worst bear markets of the last few decades (the 2020 stock market crash saw a greater downside from peak to trough), taking the escalator down hasn't been too rewarding for the dip buyers.

Indeed, dip buying in this bear market has not been rewarding, as it was in the first quarter of 2020. TFSA investors must continue to stay the course, though. Even though markets may continue to sag further, valuations remain modest. And some of the value names out there may be positioned to hold steady and even rally in the face of further market turbulence.

Yes, there will likely be more big ups and downs over the coming weeks and months.

That said, markets could find their footing over the next few quarters. And those who stand on the sidelines may be left once the one rally to end this bear market happens.

Indeed, a sustainable rally off any bottom (we have no idea when this will be) will surely be dismissed as “just another bear market bounce” by the many gloomy investors who’ve been fooled (that’s a lower-case f) a handful of times over the past year by short-lived jumps that paved the way for steep pullbacks.

Without further ado, consider shares of **Canadian Utilities** ([TSX:CU](#)) and **Alimentation Couche-Tard** ([TSX:ATD](#)) for a chance at safer investing in 2023!

Canadian Utilities

Canadian Utilities is a lesser-known utility play, and for no real good reason. The market cap is quite small at just shy of \$10 billion. That said, the dividend juggernaut offers a swollen 4.8% yield that’s ripe for picking right here, following yet another choppy year for the firm.

Undoubtedly, higher rates have weighed on the shares, as they have most stocks in the industry. Regardless, the utility is ready to move forward with caution, as it looks to invest prudently on projects that could help improve profits and dividend-growth prospects longer term.

The company bought wind and solar assets from **Suncor Energy** ([TSX:SU](#)) just a few months ago in a deal worth \$536 million. Given market conditions, I’d say CU walked away with a great deal.

Alimentation Couche-Tard

Couche-Tard has continued raising the bar on earnings, even through a tough year. Despite surging in 2022, the stock remains stupidly cheap at 15.6 times trailing price to earnings. The recent slip in markets has made the convenience store consolidator a liquid growth play at a deep-value price, in my opinion.

As rates rise, Couche’s cash hoard will be that much prettier. And as the firm continues investing in a recession year, there’s a good chance ATD stock will continue rallying, as markets stay stuck in limbo.

As a consumer staple with a really [low](#) multiple, I think ATD stock could be key to outperforming in what could be another hard year for growth investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:SU (Suncor Energy Inc.)

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