3 Stocks to Make Money in a Weak Market

Description

Weak markets are a test of a stock's resilience and strengths. If a stock can perform well in a weak market, that might be because of a solid underlying business that's partially immune to the triggers of a market crash (recession, pandemic, etc.). But even if a stock falls and recovers relatively soon compared to its peers or the market in general, it may still be a viable, resilient choice.

If you want to help your portfolio survive and keep afloat in the future weak markets, there are three stocks that you may consider investing in.

A gold stock

Gold stocks like **Agnico Eagle Mines** (TSX:AEM) are a great way to make money during market crashes and markets that are weak due to a recession. The interest in gold rapidly rises during inflation and other times when currency and other assets find it difficult to hold their values. People naturally turn to gold because it typically retains its base value.

This interest is passed on to the entire gold supply chain, all the way to the producers. This senior gold producer has a presence in six countries for both gold production and exploration. As one of the largest gold producers in the world, its leadership status gives it another edge.

The gold mining stock grew over 100% right after the 2020 crash, and it may follow the same pattern in the next crashes and weak markets. Buying it low can also help you lock in a better yield than the current 2.86%.

A convenience retailer stock

Companies like **Alimentation Couche-Tard** (TSX:ATD), with a business model that relies upon necessary spending rather than discretionary spending, are resilient against weak markets. Because even when people focus more on saving than spending, they still have to spend money on necessities. This makes its financial model strong and stable, even in weak markets, and inspires confidence in the investors.

An example of this phenomenon would be the 2020 crash. The stock fell about 28.5%, and it recovered to its pre-crash value in fewer than six months. It has mostly gone up since then, not suffering through a correction phase like many other stocks.

A stock like Alimentation doesn't just help you survive weak markets, but its growth potential also beefs up your portfolio and increases the thickness of your safety cushion.

A high-yield stock

A high-yield stock (especially if it can sustain its payouts) in a weak market gives you the assurance that at least one type of investment return (dividends) is not suffering. But even though it offers a mouthwatering 7.9% yield, **Alaris Equity Partners** (TSX:AD.UN) is a good pick for reasons other than its dividends.

Alaris Equity offers financially distressed businesses financial assistance without taking any leadership or managerial stake in them. This makes it an ideal partner for businesses in weak markets that require assistance but do not wish to give up control. If it chooses the right businesses to invest in every weak market, the company may see great financial returns, and this benefit may be reflected in the stock.

Foolish takeaway

All three stocks give you different protection against weak markets. Not all of them might be worth buying at every crash or recession, but keeping an eye on them when the market is turbulent might help you pick the right option at the right time.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:AEM (Agnico Eagle Mines Limited)
3. TSX:ATD (Alimentation Couche-Tard Inc.)

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