Worried About a Recession? 2 TSX Blue-Chip Stocks to Protect Your Capital

Description

While many people still fear the possibility of a recession, many economists say Canada might have already entered the recession due to tightening monetary policies. The Bank of Canada (BoC) started aggressively increasing key interest rates last year to combat rising inflation. Even if we assume that Canada is not in a recession already, the general consensus is that it will be for most of this year.

As a stock market investor, a recession might seem worrisome. If a full-blown stock market crash happens, stock prices and investment values can tank. Many companies will struggle to remain profitable. Still, there are pockets of companies trading on the TSX that may offer some respite from the losses of a recession.

While a market downturn might not spare Canadian blue-chip stocks, the well-established companies are well capitalized enough to weather the storm and come out stronger on the other side. Today, I will discuss two industry-leading TSX stocks you can add to your self-directed portfolio for this purpose.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY) is perhaps one of the easiest names to identify if you are searching for high-quality, blue-chip stocks trading on the TSX. The stock's $184.96 billion market capitalization makes it the largest on the Canadian stock market. A staple in many investor portfolios, Royal Bank of Canada stock is attractive to all investors, young and old.

Boasting a dividend-paying track record of over 150 years, it is widely regarded as an essential investment for any self-directed portfolio due to its long-term stability and reliability. The end of fiscal 2022 saw the bank's net income decline by 1.5% compared to the year before. Still, its chief executive officer (CEO) reflected on the financial results as the institution's strength in withstanding the industry and market headwinds.

As of this writing, RBC stock trades for $133.49 per share, down by almost 10% from its 52-week high. At current levels, it boasts a juicy 3.96% dividend yield that you can lock in right now.

BCE

Where RBC stock is an industry leader among Canadian banks, **BCE** (TSX:BCE) is the leading provider in Canada's largely consolidated telecommunications industry. The $56.72 billion market capitalization company also has several mass media assets under its belt that offer more business verticals to generate revenue. It is another mainstay in investor portfolios, boasting a 141-year dividend-paying track record.

The third quarter of fiscal 2022 saw the company's net earnings decline by 5.2% year over year. Still, it reported a 3.2% uptick in its operating revenue, and its free cash flow increased by 13.4%. The company's CEO reflected on the fact that it had $3.5 billion of available liquidity after the quarter, exhibiting BCE stock's resilience.

As of this writing, BCE stock trades for $62.20 per share, down by 16% from its 52-week high. At current levels, it boasts a juicy 5.92% dividend yield, making it an attractive asset to consider for dividend income.

Foolish takeaway

While these industry-leading stocks might feel the adverse impact of market headwinds, the two publicly traded companies are well positioned to post a strong recovery when the dust settles. Besides the safety of recovering to better levels, these two blue-chip stocks are likely to keep providing you with returns during the downturn through reliable shareholder dividends.

If you have a portfolio balanced with stable stocks, it might be easier to deal with the emotional turmoil of a recession when it happens.

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Author
adamothman