



The Weekly Special: Seafood and Wine Stocks

Description

As we begin 2023, and earnings season starts to kick off, many continue to anticipate a recession on the horizon. So, it's crucial in this environment that investors are selective when it comes to the stocks they are buying.

Of course, we want to take advantage of the opportunities that selloffs create, but we also need to be aware that a recession can have significant impacts on businesses and their valuations.

That's why some of the best stocks to buy now are ones that aren't just [cheap](#). You also want to look for companies in defensive industries that will be only minimally impacted by a recession.

[Consumer staples](#) are an excellent example. These stocks will often see fewer impacts on their revenue during periods of slowing economic growth.

So, if you're looking to find excellent investments to make in this uncertain environment, here are two under-the-radar consumer staple stocks that offer defence but also already trade ultra-cheap.

A top Canadian seafood stock

One of the top under-the-radar stocks you can buy in this economic environment is **High Liner Foods** ([TSX:HLF](#)).

High Liner is one of the largest seafood producers and distributors in North America, specializing in frozen seafood products such as fish fillets, crab, and shrimp. The company sells both to grocery stores and restaurants. Therefore, High Liner could certainly see some impacts on its revenue, especially at the restaurant level.

For the most part, though, High Liner is a relatively defensive stock, and lately, it's been increasing its sales, which is evident when looking at its [financials](#).

For six straight quarters now, High Liner has grown its sales year over year by at least 10%.

Furthermore, the company has been profitable for 11 straight quarters now, including through the entire pandemic.

So, if you're looking for a high-quality defensive stock to buy for your portfolio in this environment, High Liner has a tonne of potential, and it offers a dividend yield of roughly 3.5%.

A top winemaker with highly resilient revenue

In addition to High Liner, another stock to buy with highly defensive operations is **Andrew Peller** ([TSX:ADW.A](#)).

Andrew Peller is predominantly a wine maker but also sells a variety of alcoholic products through wholesale channels and through its own retail stores. The stock makes for an interesting investment because it's already ultra-cheap, and traditionally, alcohol is a highly defensive industry.

Alcohol is generally a relatively stable and inelastic part of people's budgets. So, in times of economic hardship, people are less likely to significantly reduce their alcohol consumption. This makes alcohol much more defensive compared to more cyclical industries that are vulnerable to economic downturns.

Furthermore, Andrew Peller sells a range of products with several low-cost options for consumers. Throughout the pandemic, for example, its sales actually increased slightly, despite the uncertain economic environment.

And although those sales slightly dropped off after the lockdowns ended, it's once again growing its revenue in recent quarters, as it looks to manage its rising costs while inflation continues to surge.

With the stock now trading below \$5 a share, it's down more than 50% from where it was at the start of the pandemic. And if it can soon get its cost under control and start to improve its operating margin, Andrew Peller has the potential to be extremely profitable.

So, if you're looking for an ultra-cheap consumer staple stock to buy in this economic environment, Andrew Peller certainly has some risks, but it also has a tonne of potential to improve its share price.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ADW.A (Andrew Peller Limited)
2. TSX:HLF (High Liner Foods Incorporated)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred

6. Quote Media
7. Sharewise
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Date

2025/07/08

Date Created

2023/02/07

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