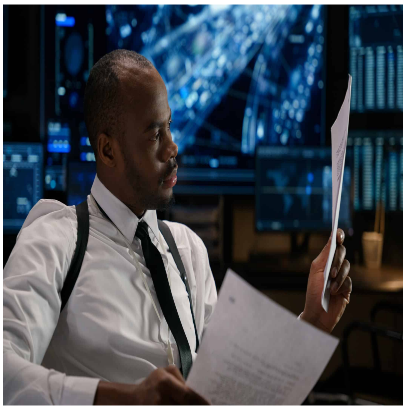

2 Recession-Tough Stocks to Buy in February 2023

Description

Economic cycles are inevitable, which suggests investors need to brace for a bear market every few years. The average period of bear markets in the U.S. is about 289 days, while periods of expansion typically last for a few years. But a bear market is extremely painful and volatile, as it wipes out investor wealth at an accelerated pace.

So, is there any to make your equity portfolio recession tough? Yes, you can invest in companies that experience steady demand and generate predictable cash flows across market cycles.

I have identified two such recession-resistant TSX stocks you can buy in February 2023.

Jamieson Wellness

A company operating in the health and wellness space, **Jamieson Wellness** (TSX:JWEL) is valued at a market cap of $1.54 billion. Its product portfolio enables customers to maintain overall health with a daily dose of multivitamins across age groups. Jamieson's products also help to support women's hormone health while providing sports nutrition supplements for those with active lifestyles.

Jamieson Wellness has experienced steady growth in recent years and has increased sales from $345 million in 2019 to $484 million in the last four quarters. Analysts expect the company to touch sales of $687 million in 2023. Comparatively, its adjusted earnings are forecast to expand to $1.8 per share in 2023 compared to $1.32 per share in 2021. So, JWEL stock is priced at less than 2.5 times forward sales and 20.5 times forward earnings, which is quite acceptable.

Further, its brands are available in more than 45 countries, providing investors with regional diversification. Its stable cash flows allow Jamieson Wellness to pay shareholders a quarterly dividend of $0.17 per share, translating to a forward yield of 1.8%. These payouts have increased at an annual rate of 15% since 2017.

Analysts remain bullish on JWEL stock and expect it to gain 20% in the next 12 months. Since its initial public offering in 2017, the stock has returned 134% to investors in dividend-adjusted gains.

Canadian Tire

One of the most popular retail chains in the country, **Canadian Tire** (TSX:CTC.A), has tripled investor wealth in the past decade. Down 24% from all-time highs, Canadian Tire is valued at a market cap of $10 billion.

Last year, the retail giant announced it would deploy $3.4 billion in strategic investments through 2025 to strengthen the supply chain, focus on automation and modernize its internet technology infrastructure.

It is forecast to increase sales from $16.3 billion in 2022 to $17.75 billion in 2023. But due to inflation and supply chain disruptions, the company’s bottom line might shrink to $16.9 per share in 2023 compared to earnings of $18.9 per share in 2021.

The stock is priced at less than one times forward sales and ten times forward earnings, which is cheap. It also pays investors a dividend of $1.725 per share each quarter, offering a forward yield of 4.2%. These dividend payouts have increased by 15.3% annually in the last two decades.

With a payout ratio of just 40%, Canadian Tire has enough room to reinvest in capital expenditures, increase its dividends and strengthen its balance sheet. CTC stock is priced at a discount of 12%, given consensus price target estimates. After accounting for dividends, total returns might stand at 16% in the next year.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:JWEL (Jamieson Wellness Inc.)

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