



## Worried About a Recession? 2 Canadian Blue-Chip Stocks to Buy and Hold for Dear Life

### Description

The Bank of Canada has not officially announced a recession, although many economists predict it will come soon in North America and globally. While Governor Tiff Macklem said the rate hikes would stop now, the pause is conditional. The policymakers will assess whether eight rate hikes will bring inflation closer to its target range.

Before year-end 2022, a Leger survey showed that 81% of Canadians were already worried about the possibility of a recession. Some investors will likely stay away from the market and return when it's stable. However, the rational approach under the present conditions is to buy [blue-chip stocks](#) and hold them for dear life.

### Solid as a rock

The **Royal Bank of Canada** ([TSX:RY](#)) is a no-brainer buy during a recession. Apart from being the largest Canadian bank, it's also the largest **TSX** company by [market capitalization](#). The \$191 billion banking giant is financially resilient and can survive turbulent economic conditions as it has done in the past.

This Big Bank stock currently trades at \$138.12 per share (+9.57% year-to-date) and pays a decent 3.82% yield. Dividends should be sustainable and rock-steady, given the 44.85% payout ratio. RBC's 152-year dividend track record should give investors confidence to buy the Big Bank stock and never sell.

### Good defensive position

A dividend aristocrat like **ATCO Ltd.** ([TSX:ACO.X](#)) is an ideal backup to the top Canadian bank. You're fortifying your portfolio with a defensive asset. More importantly, the dividend payout should be rock-solid and secure for decades. The current share price is \$42.25, while the dividend yield is 4.49%.

Growth opportunities through several projects are opening for this \$4.8 billion company. The U.S. Division of ATCO Frontec secured a new three-year base contract (extendable to two years) from Northern Star Resources' Pogo mine in Fairbanks, Alaska.

ATCO Electric Yukon signed a landmark electricity purchase agreement with Copper Niisüü Limited Partnership in December 2022. The former will provide technical expertise for the project, while the latter will build the Beaver Creek solar facility.

In early January 2023, ATCO's Structures division acquired Triple M Modular Housing, a leading manufacturer of factory-built modular housing in North America. The acquisition gives the division a strategic advantage in the current housing market, as Triple M can deliver affordable, high-quality homes within a short construction timeline.

**Canadian Utilities**, another ATCO company, acquired the wind and solar assets and projects of **Suncor Energy** last month. It also entered a new 15-year renewable energy purchase agreement (REPA) with Microsoft Corporation. The latter will purchase 150 megawatts (MW) of renewable energy from ATCO's Forty Mile Wind Phase 1 Project in Alberta.

ATCO is a reliable passive income provider owing to its long history of paying dividends and consistently raising them. The utility stock's dividend growth streak is 28 consecutive years and counting.

## Ideal combo

The combination of RBC and ATCO in a stock portfolio can wash away recession fears. With this pair of blue-chip stocks, you can maintain a conservative risk profile and still meet your long-term financial goals.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:ACO.X (ATCO Ltd.)
2. TSX:RY (Royal Bank of Canada)

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