



Why Fast-Food Stocks Could Bring Fast Gains in a Shaky Economy

Description

Fast-food stocks are great to own and hold through rocky economic times. With a Canadian recession ahead, many are debating whether the “landing” will be “hard” or “soft.” As the full force of rate hikes is felt by firms, we’ll see how much earnings will feel the pressure. In any case, it’s hard not to notice the mass layoffs sweeping through various parts of the economy, primarily tech.

We’re not out of the woods yet, as investors look past the recession headwinds. So, getting too greedy too early in the game may not be the right choice for those with limited liquidity and a challenged stomach after one of the choppiest years for stocks in a while.

Amid a profound number of economic uncertainties and macro headwinds, firms like **Restaurant Brands International** ([TSX:QSR](#)), **A&W Royalties Income Fund** ([TSX:AW.UN](#)), and **Pizza Pizza Royalty** ([TSX:PZA](#)) are positioned to continue on with business as planned with less in the way of disruption.

Restaurant Brands International

Restaurant Brands is one of my favourite Canadian companies because it holds three very powerful chains in Tim Hortons, Burger King, and Popeye’s Louisiana Kitchen. Sure, there’s a fourth brand in Firehouse Subs, but I view the “original trio” as a huge source of long-term growth.

Tim Hortons and Burger King have their work cut out for them as they look to take share in a fierce fast-food scene. Meanwhile, Popeye’s is the chain that can’t seem to do any wrong. The firm’s chicken sandwich was the talk of the town as it kicked off the so-called “Chicken Wars” with other chains. With a new blackened-chicken sandwich offering, it seems like Popeye’s is doing menu innovation the right way.

Burger King and Tim Hortons need that kind of innovation. And I do think they will receive it, as the parent company commits to investing in each brand. At 21.9 times trailing price-to-earnings (P/E), QSR stock is [a great deal](#) heading into a recession. The 3.23% dividend yield is the cherry on top of a fundamentally sound and recession-resilient play.

A&W Royalties Income Fund

A&W is an iconic burger chain that has really hit the spot with younger audiences like millennials. With alternative meat options and beef raised without the use of antibiotics or hormones, A&W is a fast-food option that's likely to give customers good vibes. Sure, burgers aren't the healthiest food item in the world, but A&W is showing us all the value of sustainable sourcing.

At writing, AW.UN shares go for 17.4 times trailing P/E, with a 5.11% dividend yield. As a recession moves in, look for demand to creep higher, as more consumers shift from high-end diners to low-cost fast-food firms. Of the fast-food firms, A&W seems like a name that's tough to pass up. Like Restaurant Brands, A&W has not shied away from menu innovation.

Pizza Pizza Royalty

Pizza Pizza is flirting with new four-year highs again after bouncing back from a [choppy](#) 2022. Indeed, pizza deliveries cooled off after the economy reopened and consumers flocked to other options. Three years after the pandemic started, it seems like consumers are getting their taste for pizza back. As they do, Pizza Pizza will be ready to cash in, with one of the best value propositions in the pizza space.

Sure, inflation has weighed on margins, as toppings prices have surged. Regardless, Pizza Pizza seems to be a great go-to option for customers looking for a nice meal without breaking the bank. With a 5.93% dividend yield, PZA shares are as mouth-watering as the pizzas it sells. Finally, Pizza Pizza's side dishes are a source of innovation. And they can help the firm make the most of the recession-fuelled rush to cheaper food restaurant chains.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)
2. TSX:PZA (Pizza Pizza Royalty Corp.)
3. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. cleona
2. joefrenette

Category

1. Investing

Date

2025/09/26

Date Created

2023/02/10

Author

joefrenette

default watermark

default watermark