



1 Top Consumer Stock for All Market Conditions

Description

The expectations of a further slowdown in inflation and moderation in the pace of interest rate hikes in 2023 led to a recovery in [Canadian stocks](#). Even though inflation has eased from its peak, it remains high. Moreover, the macroeconomic environment remains uncertain. This indicates that the stocks could stay volatile. Thus, adding a few [low-volatility](#) and defensive stocks to your portfolio could prove to be a smart move.

While the TSX has several defensive stocks, shares of consumer companies have historically been a top choice amid volatility. [Retail companies](#) with exposure to consumables perform well, regardless of what is happening in the economy.

In this article, I'll focus on one top consumer stock that will likely perform well irrespective of the market conditions and add stability to your portfolio.

One top consumer stock

While picking a low-volatility stock, one must look for companies that have been steadily growing their revenues and profitability amid all market conditions. Further, investors should focus on companies that are less cyclical and regularly enhance their shareholders' returns through share buybacks and dividend payments.

One such top company is **Loblaw** ([TSX:L](#)). It is a leading food and pharmacy company and Canada's largest retailer. It provides grocery, health and beauty products, apparel, general merchandise, wireless mobile products, and financial services. Loblaw operates through 2,400 locations.

Given its large scale and wide product range, Loblaw is a household name in Canada. Meanwhile, Loblaw stock gained over 17% in one year, outperforming the S&P/TSX Composite Index, which fell over 3%. The company has a [market cap](#) of approximately \$38.1 billion.

Why is Loblaw a dependable stock?

Loblaw's attractive loyalty rewards, best discount stores, and an inflation-fighting price freeze position it well to deliver solid growth, even in a challenging economic environment. Its steady performance is supported by its wide offerings, value pricing, and ease of shopping.

Further, the company's extensive private-label food products resonate well with consumers. In addition, Loblaw's omnichannel platform and Connected Healthcare options augur well for growth.

Loblaw has been steadily growing its revenues for years. Meanwhile, its revenues increased by 5.2% in the current fiscal year. Steady demand and strength in the retail business continue to drive its revenues. Thanks to the higher sales and operating efficiency, its operating income increased by 10.7%. Further, its adjusted earnings per share jumped 25.3% in the first three quarters of 2022.

Its growing revenue and earnings base has helped the company to regularly return significant cash to its shareholders through share repurchases and dividend payments.

Bottom line

Loblaw sells products for everyday needs, which is why it performs well in all market conditions. Further, its wide variety and value pricing are key differentiators. Also, its focus on omnichannel offerings and driving efficiency bode well for sales and profitability.

Loblaw is well positioned to drive strong sales in the food business through its moderate cost increases and promotions. Further, its discount banners like No Frills and Real Canadian Superstore continue to drive price-sensitive customers through a strategic shift toward private label brands. Overall, Loblaw is an all-weather stock to generate steady returns.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)

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3. Koyfin
4. Msn
5. Newscred
6. Quote Media
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