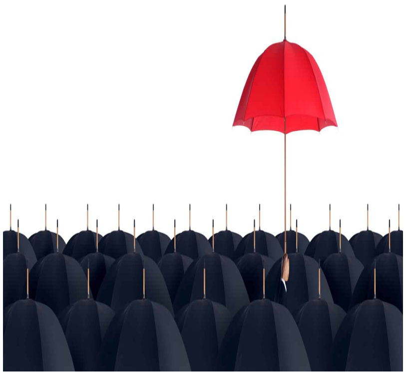

Top Recession-Resilient TSX Stocks to Buy With $3,000

Description

As inflation still seems to be a top worry, further interest rate hikes might land the broader economy in a recession this year. A recession will likely dent corporate earnings growth, ultimately fueling another weak year for the markets. However, there are some TSX stocks that could continue to grow slowly, irrespective of the shape of the broader economy. They might not offer handsome growth prospects, but they do outperform in uncertain markets. Here are three such recession-resilient TSX stocks.

Fortis

Canada's biggest utility stock **Fortis** (TSX:FTS) is one of the top defensive bets. It generates almost 100% of its earnings from regulated operations, facilitating stability and predictability. This stable earnings growth stands tall, even in recessions when broader markets generally see an earnings decline.

Fortis is one of the most geographically diversified utilities in North America. It has managed to grow its earnings by 5% compounded annually in the last decade. Notably, it has increased its shareholder payouts for the last 49 consecutive years. Such a long dividend-growth streak indicates dividend reliability, which is rare among riskier sectors like energy. FTS stock currently yields 4.2%.

FTS stock has returned -4% in the last 12 months, underperforming broader markets. And that's quite evident amid the faster interest rate hikes since last year. But we could see some recovery as rate hikes possibly slow down later this year. If you are a conservative investor with a longer investment horizon, FTS is one attractive bet.

Enbridge

Canadian energy pipeline company **Enbridge** (TSX:ENB) is another appealing name for dividend investors. It is expected to pay a dividend of $3.55 per share in 2023, implying a yield of 6.7%. Enbridge offers one of the highest yields among Canadian bigwigs.

Energy pipeline companies like Enbridge earn stable cash flows regardless of the broader economic cycles. Even if oil prices are at record highs or the economy is in a recession, Enbridge will probably grow stably, enabling steady shareholder payouts. Driven by such earnings visibility, Enbridge has increased its dividends for 28 consecutive years.

Enbridge carries more than 30% of the oil produced in North America and 20% of the gas consumed in the United States. Its unmatched pipeline network and scale stand tall among peers and will likely continue to drive shareholder value in the long term.

Canadian Utilities

Income-seeking investors can also consider utility stock **Canadian Utilities** (TSX:CU). Like Fortis, Canadian Utilities has a stable earnings profile, as it derives almost entire of them from regulated operations. It has increased dividends for the last five decades, the longest dividend-growth streak among Canadian listed companies. Moreover, investors can expect stable dividend growth to continue, at least in the foreseeable future, driven by its capital-expenditure plan and an expected rate base growth.

Canadian Utilities stock currently yields 5%, which is higher than TSX utility peers. It has returned 9% in the last 12 months and 28% in the last five years. Though it falls short on the growth or capital-appreciation front, its consistently rising dividends offer unmatched stability.

CATEGORY

1. Investing
2. Stocks for Beginners

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2. TSX:ENB (Enbridge Inc.)
3. TSX:FTS (Fortis Inc.)

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adam-levy