Will the Market Go Cold? 4 Dividend Stocks to Insulate Your Portfolio

Description

Canada has become a global debt leader, according to the Organization for Economic Cooperation and Development (OECD). Credit to households in Canada stood at 100% of GDP in the fourth quarter of 2016. The report warned that countries with high levels of indebtedness are more vulnerable to financial shocks. This information comes as the S&P/TSX Index has risen to new highs.

Let's take a look at four defensive dividend stocks that investors can add to their portfolios to protect against possible shocks that could strike the market in 2018.

Hydro One

Hydro One Ltd. (TSX:H) stock has declined 3.2% in 2017 as of close on November 23 and 1.6% year over year. On November 21, Avista Corp. shareholders approved the $6.7 billion acquisition by Hydro One that was originally announced in July. Hydro One CEO Mayo Schmidt has said that this is likely to be the first of many U.S. acquisitions. The company released third-quarter results on November 10 that saw revenues drop to $1.5 billion from $1.7 billion in 2016 and net income dip to $219 million from $233 million.

In an early November article, I'd explained why utilities could be a great bet for investors with the Bank of Canada signalling a more dovish turn regarding interest rates. Hydro One stock offers a dividend of $0.22 per share, representing a 3.8% dividend yield.

Metro

Shares of **Metro, Inc.** (TSX:MRU) have dropped 0.4% in 2017 and 2.7% year over year. In another article, I'd discussed reasons Metro might be concerned about **Amazon.com, Inc.** entering the drug retail business in the U.S. so soon after its acquisition of Jean Coutu Group PJC Inc. In its fourth-quarter results, Metro saw sales increase 10.2% and net earnings grow 6.8% to $154.9 million. The company has also moved to curb the threat from Amazon by expanding its online services to more Quebec locations.

Metro stock boasts a dividend of $0.16 per share with a 1.6% dividend yield.

Lassonde

Lassonde Industries Inc. (TSX:LAS.A) is a Quebec-based agri-food company. Lassonde stock has climbed 12.5% in 2017 and 22% year over year. The company released its third-quarter results on November 10. Operating profit rose to $33.9 million from $32.3 million in Q3 2016 and earnings per share jumped to $2.87 from $2.52. Lassonde offers a dividend of $0.61 per share with a 0.9% dividend yield and has also produced nine consecutive years of dividend growth.

Genworth

Genworth MI Canada Inc. (TSX:MIC) is a the largest private residential mortgage insurer in Canada. Even in the midst of a significant housing correction, Genworth stock has climbed 28.2% in 2017. In its third-quarter results, net income increased 42% to $140 million from Q3 2016. It also posted a 5% jump in premiums earned from the prior year. Although new OSFI rules are spooking real estate industry experts, Genworth has less to worry about, as the policy affects uninsured home buyers.

Genworth stock offers a dividend of $0.47 per share, representing a 4.3% dividend yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:H (Hydro One Limited)
2. TSX:LAS.A (Lassonde Industries Inc.)
3. TSX:MRU (Metro Inc.)

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aocallaghan