2 Top Dividend Stocks to Buy During Market Volatility

Description

It seems 2018 is going to be a very different year for investors. Volatility is back, and nobody knows what lies ahead, as the world's two largest economies lock horns over trade.

After the U.S. president Donald Trump announced a more than $50 billion trade tariff on Chinese imports yesterday, the Dow had its the fifth-largest point decline in history; it was the market's worst day since the extreme turmoil of early February. The S&P 500 dropped 2.5%, and the Nasdaq dropped 2.4%.

Amid this fear and uncertainty, it's better for investors to stick to the basics of investing, meaning staying away from risky areas and increasing exposure to the long-term value stocks when the opportunity arises.

Here are two Canadian top dividend stocks you can consider buying and holding in this environment.

BCE

Investing in solid telecom utilities is one way to play it safe during volatile markets. They are considered relatively safe investments due to the importance of their services to our daily lives. That feature makes them classic "cash cows," and these companies distribute most of their earnings in dividends.

In Canada, **BCE Inc.** (TSX:BCE)(NYSE:BCE) is my favourite stock. The company has a dominant position in the market with a growing wireless division. To meet the robust demand for quality broadband and wireless networks in Canada, BCE is investing more than $3.77 billion.

The size of this investment is far more than any other communications companies in Canada and on par with major investors in Canada's oil and gas sector.

With a juicy 5.43% dividend yield, BCE stock is offering a good bargain to investors following the stock's recent pullback, which brought it closer to the 52-week low. Long-term investors will benefitfrom BCE's regular dividends, which have almost doubled during the past 10 years.

Trading at $55.18 and with the forward P/E multiple of just 15, BCE's current price offers a good bargain for income investors.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is another conservative play for investors to benefit from the strength of the Canadian banking stocks.

TD Bank has a strong business presence in both U.S. and Canada. After its aggressive growth south of the border, it now runs more branches in the U.S. than in Canada, making it one of the top 10 lenders in the U.S.

In the first-quarter earnings release, TD Bank made a record profit of $952 million from its U.S. retail business — a jump of 19% from a year earlier. Earnings will get a further boost from President Trump's tax relief, adding about $300 million to the bottom line this year.

Though its annual dividend yield at 3.54% is not as attractive as you will get for investing in BCE stock, TD Bank has an excellent dividend-growth history; it has grown the dividend about 11% on annualized basis in the past two decades.

And with a relatively conservative payout ratio of between 40% and 50%, there is a good chance that investors will continue to get this growth going forward. Trading at $74.91, TD Bank is a good choice to ride through the market volatility.

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Author
hanwar