2 Top Dividend Stocks to Buy When the Economy Is Slowing Down

Description

When the economy loses its steam, it's not a bad sign for all sectors of the market. This is the time when rate-sensitive dividend stocks get investor attention as they become more attractive when compared to safe-haven government bonds.

In Canada, the news on the economic front isn't very encouraging lately. The Bank of Canada, in its most recent announcement, has warned about a more pronounced economic slowdown than what it was expecting. To counter this sluggish period, the central bank has moved to the sidelines with further rate hikes on hold in 2019.

Though interest rates are unlikely to go down any time soon, unless there the economy slips into a recession, the prospects for rate hikes have slimmed, boosting the appeal of some rate-sensitive stocks. Keeping this economic backdrop in mind, here are two top dividend stocks that have started to look attractive.

BCE

Telecom utilities provide a great hedge to investors who want to take shelter when the economy slows down. No matter where the economy goes, cutting internet or cell phone connections might be the last thing on one's mind.

In Canada, **BCE** (TSX:BCE)(NYSE:BCE) is one such stock to consider when the risks to economic growth grow. The company has a solid dividend policy which has been in place for many decades, allowing investors to earn growing dividends in both good and bad times. Its $0.7925-a-share quarterly dividend has more than doubled during the past decade.

Being the largest telecom in a country where it's hard for new entrants to challenge the company's dominance, its stock should be one of the top picks to play any potential weakness in the economy. Trading at $59.18 a share, BCE stock has had a good run during the past six months, rising more than 12%.

Despite these gains, its 5.38% dividend yield is still attractive, especially when the company is gearing up for growth.

RioCan REIT

In an environment when interest rates are stagnant and the economy is slowing, investing in real estate investment trusts (REITs) becomes attractive. In Canada, **RioCan** (TSX:REI.UN) is one of the best bets to play that trade. RioCan is one of Canada's largest REITs; it owns, manages, and develops retail-focused properties in the nation's prime markets.

Last year, RioCan decided to change the direction of its business to grow in changing market conditions, where consumers are cutting their trips to shopping malls. RioCan embarked on a plan to derive 10% of its income from apartments — a shift for the landlord, which built its reputation on shopping centres.

Rising interest rates and the business restructuring kept RioCan stock under pressure last year. But these headwinds are weakening in 2019. Its stock has risen 7% this year with a good chance of further upside if rates remain low. For long-term income investors, RioCan's $0.12-a-share monthly payout and its 5.68% annual yield look quite attractive.

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1. Dividend Stocks
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1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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hanwar