How to Combat the Market Selloff: 2 Top Dividend Stocks to Buy in March

Description

Should you be worried about the recent market selloff? Well, it totally depends upon why you are in the markets. If I am a short-term market participant looking for making some quick money overnight, this volatility will surely make me go crazy.

But if I am a long-term investor, and I believe in the company fundamentals, no matter whether the market crashes by whatever points, it won't bother me.

Moreover, long-term investors should see this fall as an opportunity to buy more of the great company stocks at discounted prices.

There are many such large-cap stocks that have fallen significantly amid coronavirus fears last week. In some cases, the plunge was just the impact of the broader market sentiment. Let's take a look.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is an integrated energy company that the legendary investor Warren Buffett's **Berkshire Hathaway** holds a stake in. The reason behind I included Suncor Energy stock here is its recent fall looks more than warranted.

Plus, its juicy dividend yield of almost 5% makes it an attractive pick from the total return perspective. Just like a yield, I like to focus on stock's dividend growth as well, because it plays a big role in driving investors' returns over the long term.

In the last five years, Suncor Energy increased its per-share dividends by a handsome 10% compounded annually.

Suncor Energy stock touched a 52-week low of $35.8 on Friday, losing approximately 20% since its recent high of $45 in mid-January. Energy markets continue to look depressed with volatile oil and gas prices. However, Suncor will likely be relatively better placed compared to upstream energy companies.

Suncor Energy stock has fallen in the last six consecutive trading sessions. Interestingly, buyers might come rushing in, as the stock is trading in the oversold zone. It also looks attractive from the valuation standpoint. However, how broader markets play out amid the coronavirus fears will likely weigh on the stock in the short term.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) stock fell to its 52-week low amid broader markets pressure last Friday. The bank reported fairly solid earnings and announced a dividend increase last week. Thus, in my view, once the market takes a breather from the coronavirus shock, Toronto-Dominion Bank stock will also likely stabilize.

The stock is trading at a dividend yield of 4.5%, fairly higher than the markets at large. Its long dividend payment history indicates stability and predictability. Its recent fall and an attractive dividend profile make it an appealing investment proposition for the long term.

As earlier stated, dividend growth is an important aspect income-seeking investors should pay close attention to, just like a yield. In the last five years, Toronto-Dominion managed to raise its dividends by 10% compounded annually.

Toronto-Dominion Bank stock is also trading in the oversold zone at the moment.

Long-term investors should understand that market volatility comes and goes. Some last for weeks, while some last longer. However, great businesses can be bought at better prices amid this volatility.

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