Safe Dividend Stocks Are Like Gold Dust: Here’s What to Buy

Description

What a start to the week. The **Dow** was down 2,250 points when markets opened, a loss of 9.7%. The **S&P 500** opened down 8.4%, and the **NASDAQ** started down 6.1%. The **TSX** nosedived 11.4% with even safe dividend stocks on sale. The Dow finished Monday down 3,000 points, its worst performance since 1987. The tech-laden NASDAQ suffered its single worst stock market crash in history.

Wall Street’s fear level hit an all-time high, beating even the 2008 financial crisis. All four exchanges ceased trading for 15 minutes. It was the third time in seven days that trading on the TSX has been halted. The take-home? It you weren’t in defensive positions before the stock market crash, you should be now.

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Looking for safe dividend stocks?

Gold is the classic safe-haven commodity. But a safe source of dividends can be as valuable as the yellow metal itself. That’s why **Newmont** is top of the list this week for a mix of safety, dividends, and, of course, the relative stability of gold. Why buy Newmont during a stock market crash? As the world’s most productive gold miner there’s safety in size. It’s a wide-moat pick with a 1.3% dividend yield.

Even safe dividend stocks can suffer in an economic downturn. However, key arterial rail networks will always be popular, since these businesses carry the lifeblood of our economy. Buy **CN Rail** shares for some passive income fed by the nation’s most important transport name. Stock market crash investors have a solid play here. Timing the bottom could be a fool’s game, so buy incrementally on weakness rather than wait.

Wash your hands, but don’t sit on them

Stocks are cheap and could rally at any time. That's why now is a rare, once-in-a-lifetime buying opportunity. Insurance should have some place in a diversified Canadian stock portfolio. **Manulife** is the biggest and safest name to go for in this space. Manulife's rocketing yield of 7.6% would complement CN Rail's dividend of 2.4%.

Energy investors eyeing the oil crash have a strong play in offshore wind growth. Other defensive dividend stocks include **Northland Power**, a strong buy in the offshore wind space. Meanwhile, **Nutrien** is the ultimate consumer staples stock and a "must buy" for agri input mineral exposure. Yields are high right now, so lock them in. Northland Power is up at 5% today, while Nutrien is galloping to 6.2%.

Banks are divisive, though. Some rallied as much as 11-16% at the end of last week. But that seems unsustainable, with the potential for recession and the dismal oil outlook. Indeed, the most defensive dividend stocks include regulated utilities and accommodation REITs than from financials right now.

The bottom line

It's the value opportunity of a lifetime for some. The stock market crash is a gift for anyone coming to stocks for the first time. But don't sit on the fence trying to time the bottom. There could be worse to come, and this market could be with us a while. That's why investors should buy incrementally. Get ready to pick up those defensive dividend stocks in small bundles rather than waiting to back up the truck.

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