These 2 Dividend Stocks Are Proven Safety Nets in a Panic-Stricken Market

Description

Investors are panic-stricken, because a global recession is again approaching. Usually, a recession becomes official when there are at least two consecutive quarters of economic decline. But the present crisis is not due to the loss of confidence by consumers or businesses but a virus outbreak of epic proportions.

The coronavirus is inflicting severe damage on the TSX and other stock markets around the world. Indexes are dropping 20% or more and entering the bear territory. But when you own stocks such as **Fortis** (TSX:FTS)(NYSE:FTS) and **Bank of Montreal**, (TSX:BMO)(NYSE:BMO), don't try to time your way in and out of an irrational market.

While recovery will predictably come, investors fly to safety when the market is declining. History shows that Fortis and BMO are among the proven safety nets during recessions.

Low-risk business

Fortis is a must-own stock, especially when the threat of recession is real. Analysts describe utility companies as the blood in the veins of the world's infrastructure. The main characteristic of a top utility firm like Fortis is stability. When investing for income, you need an unshakable asset when markets are going crazy.

This $24.22 billion, leading utility company in North America generates power, transmits electricity, and distributes energy. Nearly 100% of its utility assets are regulated. Fortis has 10 utility companies under its supervision.

The clients in U.S. comprise 60% of the total business, while 40% are in Canada and the Caribbean. There are three major segments; the electric business encompasses 80% of the asset mix, while the rest are in gas and non-regulated energy infrastructure.

The recent promise by management to increase dividends annually by 6% through 2024 is welcome news to investors. Only a company with a regulated, stable business and steady cash flows can give such assurance.

Unfailing dividend payer

Investors are trying to make sense of the whirlwind in the stock market. The combination of the coronavirus pandemic and plunging oil prices is chilling. Money managers, however, are advising investors to hold their nerves.

This extreme movement of the financial markets was last seen during the 2008 financial crisis. The root cause of the present turmoil is different. Still, expect the market to turn back up again with the containment of the virus.

Thus, investors need to have fully balanced portfolios, and Bank of Montreal is ideal for A long-term hold. If you have ownership in a bank that has been around for 20 decades and paying dividends for 191 years, or 94% of the time, there should be less worry.

Some investors are expressing concern over BMO’s 42% increase in lending exposure to the energy sector this year. But management assures investors that BMO’s overall lending-book credit quality remains sound.

Historical fact

If you have a long-term investment plan, stick to it. Avoid buying and selling on stock market drops. The dividends that Fortis (3.26%) and BMO (5.01%) pay today are safe and sustainable. Besides, a market downturn happens from time to time. But historically, an upturn follows after every recession.

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Date
2025/08/23
Date Created
2020/03/17
Author
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