Stock Market Crash Got You Worried? Buy These 2 Dividend Stocks

Description

On Friday, March 13, 2020, the **Toronto Stock Exchange** (TSX) pulled off its biggest gain since October 2008. Although the country's main stock market is still down 19.6% year to date, the 9.7% rebound lessened market worries.

Nine of the 10 main groups of the **TSX** advanced, with the financial services and energy sectors gaining by 15% and 10.6%, respectively. Aside from the unexpected 0.75% cut of the overnight rate by the Bank of Canada, the government announced an offer to extend $10 billion in credit support to businesses.

Because of the coronavirus outbreak and oil price shock, economists are predicting the next two quarters (Q2 and Q3) to be negative. Thus, Canada is still heading toward a possible long-lasting recession.

If the market crash worries you, consider including dividend stocks **Dollarama** (TSX:DOL) and **Cascades** (TSX:CAS) in your investment portfolio. The businesses of both companies should hold well while waiting for market recovery.

Value retailer

Dollarama is the bane of traditional grocery stores in Canada. This $12.47 billion operator of a chain of dollar stores offer only 0.44% dividend, but the growth opportunities are attractive. Analysts see this consumer defensive stock gaining by much as 40.17% (from $39.95 to $56.00) in the next 12 months.

Since its founding in 1992, Dollarama slowly carved a name in the industry while eating away market share from grocery stores. Today, analysts regard Dollarama as one of the rare investment gems that should perform regardless of economic or market conditions.

Over the next five years, the annual growth rate estimate for Dollarama is 11.4%. The company expects to deliver double-digit growth in both sales and revenue during the period.

Dollarama is currently Canada’s top value retailer, offering a vast assortment of items in-store and online. The company also has a 50.1% stake in Dollarcity, a fast-growing value retailer in Latin America.

Hot item

People are growing crazy over toilet paper these days that the name Cascades suddenly comes to mind. This $1 billion company from Kingsey Falls, Canada produces, converts and markets packaging and tissue products using recycled fibers. The market reach is Canada, the U.S., and selected countries.

About 80% of Cascade’s products are composed of recycled products. Also, the company is going green as the energy it uses in the four business segments (containerboard, boxboard Europe, packing products, and tissue paper) is from renewable sources. For this reason, you know that Cascade is a socially responsible firm.

Analysts are exceedingly bullish about the growth prospects of the stock. The estimated annual growth rate is 37% over the next five years. Cascades carries all positives from the dividends (2.84%), payout ratio (32.26%), and beta score (0.23).

After a record annual performance in 2019, management’s operation outlook in 2020 is positive. The company expects a strong EBITDA this year, mainly from the tissue segment.

Continue investing

Canada’s Finance Minister Bill Morneau is urging Canadians to continue investing in the stock market. He said the country has a very, very strong fiscal position — the best among G7 countries.

If you plan to heed the call, Dollarama and Cascades are the top-of-mind choices.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CAS (Cascades Inc.)
2. TSX:DOL (Dollarama Inc.)

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