2 Safe Dividend Stocks to Buy During a Market Crash

Description

Markets have pulled back, and fear is at all-time highs. The coronavirus has been the top stressor as of late and has created doubt regarding growth in international markets. Economists from Canadian banks have recently stated that they believe the economy is in or is heading to a recession.

Based on that information, it is easy to fall into fear and panic-sell your current holdings. The media competes for clicks, and showing global turmoil gets views. What is important to know is that historically, markets recover. Dividends are still being paid, and operations will continue to grow when the virus is defeated.

If you didn't sell before the market crash, I would hold. If you did sell before the market crash, I would buy these dividend stocks to generate strong dividends and share price appreciation in the future.

This telecom company continues to grow and won't stop

Telus (TSX:T)(NYSE:TU) is a top pick during this current market adjustment, and I'll explain why. While GDP contractions in Canada are forecasted due to the virus, the virus should increase telecom usage.

People are constantly using their phones and, in turn, using data to stay up to date on headlines. Internet and cell service providers have recently removed all overage costs due to the virus. I believe that people during this time will not cancel or switch their service considering they are stuck at home. While revenue growth might not be as strong as previously anticipated, the underlying business will not be affected by the virus.

Telus, as of writing, pays a 5.33% dividend and has stated that the company intends to increase the dividend by 7% to 10% annually.

This indicates the company is confident in it future cash flows for the foreseeable future. The dividend is backed up by strong free cash flow and has only increased since 2001.

Rare opportunity to buy into a safe industry

Scotiabank (TSX:BNS)(NYSE:BNS) is my second top pick to buy during this market correction. Shares have pulled back, as of writing, about 30% and to prices not seen since 2016. The Canadian bank industry has historically recovered from market crashes and is a relatively low-risk investment compared to other industries and sectors. I believe this creates an irresistible opportunity to buy low and profit long term from strong dividends.

The dividend yield as of writing is pegged at approximately 6%. Scotiabank has never cut the dividend and has increased the annual payout 43 out of the previous 45 years. With Scotiabank continuously generating record profits, I can confidently say the company will not cut the dividend in the near and far future.

Conclusion

Warren Buffett once said, "I will tell you how to become rich. Close the doors. Be fearful when others are greedy. Be greedy when others are fearful." It is important now, more than ever, to be greedy and take advantage of discounted share prices. These opportunities don't come often. Stay calm and invest on!

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