Market Crash: A Top Dividend Stock to Buy Now

Description

How can one benefit from the market crash, which has sent some top dividend stocks tumbling? First of all, it's going to get a lot worse before we can see a meaningful recovery.

Canadian stocks, as represented by the S&P/TSX Composite Index, crashed into bear market territory earlier this month as the coronavirus spread, forcing governments to lock down cities and put in place social-isolation practices.

Amid this turmoil, the index declined by more than 20% from its former peak. On Monday, the index was down about 38% from its 52-week high. It was even below the top it set back in September 2000. That sudden collapse in economic activity means employees will lose jobs, wealth will be destroyed, and the companies will see a drastic cut in their sales.

But for long-term investors, that market crash offers a once-in-a-lifetime opportunity to build their income portfolio and buy top dividend stocks that will slowly rebound once the dust is settled. One such area to focus on is Canadian banking sector.

Despite the indiscriminate selling over the past one month that pushed their stocks tumbling more than 30%, top Canadian bank stocks offer a much better risk/reward proposition than their counterparts north of the border. They have solid balance sheets, diversified operations, and limited competition to deal with.

Trusted source of income

Canadian banks have been a trusted source for earning a steadily growing stream of income. They are among the top dividend stocks in North America, benefiting from their balance sheet strength and their careful lending practices.

If you want to take exposure to this area, then buying the shares of **Royal Bank of Canada** (TSX:RY)(NYSE:RY) isn't a bad idea after the market crash. RBC is Canada's largest lender with a robust presence in the U.S.

It is one of Canada's most diversified banks, including worldwide operations in asset management and capital markets and ownership of Los Angeles-based commercial and private lender City National Bank. That diversification has been a major plus for RBC to provide stability to its income at a time when other small and localized banks suffer.

For long-term investors, one or two years' bad performance doesn't matter much. They want to buy top dividend stocks that can continue paying steadily growing income and generate returns that consistently beat the markets over the long run.

Royal Bank is one of the top dividend payers that has been growing payouts regularly. The lender has paid distributions to shareholders every year since 1870 with a strong track record of dividend growth.

That being said, it's obvious that the coming weeks or even months will be tough for investors, as they absorb ugly economic data and weakening earnings. According to a report in the *Globe and Mail* , nearly one million Canadians have applied for unemployment benefits since the beginning of last week.

Bottom line

Trading at $84.06, RBC stock is a solid bet for long-term investors to take advantage of this market crash. The stock currently yields 5.28% and offers a good entry point to earn steadily growing income in these uncertain times.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/24
Date Created
2020/03/25
Author
hanwar