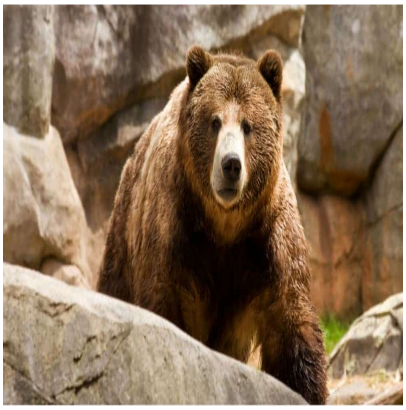

Bear Market: 1 Safe Dividend Stock

Description

With the recent stock market pullback, we've entered bear market territory. Stocks are trading much lower than even one month ago and some investors are stampeding for the exits.

However, long-term investors with the Foolish mindset can prosper in a bear market. To do so, they simply need to look for high-quality stocks of healthy businesses.

This is because over time, the markets tend to recover. Historically, we've seen this trend time and time again. Bear markets usually last for an average of only 12 months; after that, stocks come roaring back.

Today, we'll look at a high-dividend paying stock on the **TSX** with the means to maintain its dividend and offers solid growth prospects for the future.

CIBC

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is one of the major banks operating in Canada. It has a market cap of $35.81B and is trading at $80.29 as of writing.

This represents a steep decline from its mid-February highs of $110.62. As expected, the bear market has dragged down even some of the highest quality stocks like Canadian banks.

Currently, CIBC generates most of its income from its commercial and personal banking services in Canada. It's pretty much fully fleshed out in terms of Canadian market share. However, it's been focused on growing its presence in the U.S. as well.

CIBC has started to infiltrate the Latin American market — a market that could see high growth figures in the future.

For many years, this has been a consistent dividend-paying stock. CIBC aims to offer a steadily growing dividend along with a stable share price to its investors.

Today, the dividend is yielding a whopping 7.27%. This figure dwarfs the five-year-average yield of 4.67% that CIBC has offered. However, it stands to reason that with some headwinds on the horizon, the payout ratio might have to steepen in order to pay the hefty dividend.

With a 7.27% yield, an investor could rake in nearly $1,500 in dividends in a single year on a $20,000 investment.

Are there bear market challenges?

Of course, there are always some things to be mindful of in a recession. With this bear market, CIBC faces some unique challenges today.

Naturally, with the COVID-19 outbreak, businesses are going more digital. CIBC has already been moving a lot of its banking services onto digital and mobile platforms, so it can start reaping the benefits.

CIBC is providing its customers with more options to fulfill their banking needs during these tough times. Beyond the transition to digital banking, CIBC is also offering mortgage deferrals to alleviate pressure on homeowners.

Some investors might question the impact of the deferrals on CIBC's dividend schedule. However, it's important to keep in mind that these are only deferrals, not mortgage forgiveness. CIBC will still collect that money six months down the road — and interest is still accruing.

So, while CIBC is making this move to help its customers, the bank is still going to get its payments. Thus, since the deferrals are over a relatively short window, I wouldn't expect CIBC's dividend to be impacted.

The bottom line

A bear market can be a trying time for investors. However, investors can win the long game by seeking out blue-chip stocks trading at discounted prices.

One such stock is CIBC, as it offers a massive and relatively stable dividend along with share price upside in the future.

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