Market Crash 2020: 3 Safe Dividend Stocks to Buy and Hold Right Now

Description

The coronavirus has caused a market crash and valuations are falling. Dividend cuts are happening left and right as companies are scrambling to conserve cash any way they can. Holding dividend stocks has never looked riskier. But the dividend stocks listed below are safe bets to continue paying dividends during this crash and are great long-term holds:

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Utilities

Fortis Inc (TSX:FTS)(NYSE:FTS) is a safe dividend stock to hold during a market crash for a reason: it's in the utility business. A strong source of recurring income coupled with providing customers with a necessary service, is a recipe for what should be a fairly stable investment.

You won't earn significant returns from holding Fortis, but you won't incur colossal losses, either. From 2015 through to 2019, shares of Fortis rose by 38%. That averages out to an annual growth rate of just 6.6%. But when you factor in its dividend, which today yields around 3.8%, that's a solid 10% per year you can be earning from shares of Fortis.

It's not a volatile stock and it's one that investors can build their portfolios around. In five years, its quarterly dividend payments have risen from $0.34 to $0.4775. That's an increase of 40% and equal to a compounded annual growth rate (CAGR) of 7%. For long-term investors, Fortis is a stock you can't go wrong with holding in your portfolio.

Banks

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is another blue-chip dividend stock investors can hold during a market crash. Unless things get as bad as the financial crisis, investors shouldn't have reason to worry about a dividend cut. And even then, if it happens it will likely only prove to be temporary. The coronavirus pandemic is a serious but also a temporary issue.

As economies recover and get stronger once again, banks and stocks like CIBC will rebound. For now, buying CIBC stock is a steal of a deal for its dividend which today pays $1.46 every quarter, yielding around 7.5% per year. Five years ago, CIBC was paying its shareholders $1.06 every quarter. Payouts are up 38% since then, averaging a CAGR of 6.6% during that time.

In the short term, the default risk will rise for customers and business and that'll keep investors hesitant from buying financial stocks. But with the government providing assistance along the way, it lessens the risk of investing in CIBC and any other financial stock.

Essential services

Waste Connections Inc (TSX:WCN)(NYSE:WCN) is another solid dividend stock investors can hold during this troubled time. Market crash or not, garbage and disposal services will remain in demand. As dire as things may get in the economy, the waste business is a safe bet to continue operating.

That's one of the reasons why Waste Connections remains a safe buy; it's an essential service that isn't going anywhere. The one downside is that with a modest dividend of just US$0.185 every quarter, investors are only going to be earning around 0.9% per year. While it'll provide a boost to your overall return, it's nowhere near what you can earn with CIBC or Fortis.

However, it's one of the more reliable payouts that investors can count on. And given the volatility in the markets today, that's saying a lot.

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CATEGORY

1. Coronavirus
2. Dividend Stocks

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:WCN (Waste Connections)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:FTS (Fortis Inc.)
6. TSX:WCN (Waste Connections)

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