3 Dividend Stocks That Are Still Safe Buys During This Market Crash

Description

Many companies are cutting back or suspending their dividend payments. And there's ample reason for investors to be worried about whether their stock(s) could be next to announce a reduction to their payouts. However, investors who hold shares of the three stocks below should rest easy, at least for now.

Loblaw Companies Ltd (TSX:L) currently pays a quarterly dividend of $0.315, which means that investors today can lock-in a yield of around 2% per year. It's not an astronomical dividend, and there are higher-yielding stocks out there.

However, Loblaw is one stock that investors won't have to worry about. While a lockdown due to the coronavirus will shut down many retailers, grocery stores are safe — and Loblaw owns some of the biggest grocery store chains in the country.

As people stock up on supplies in anticipation of the fact that the coronavirus pandemic won't disappear any time soon, its grocery stores may even see better-than-normal results as customers make larger purchases.

Shares of Loblaw are still holding steady and the stock isn't a whole lot cheaper than when the year started. However, for investors seeking a good, steady dividend stock to hold for many years, Loblaw could be a great choice.

Canadian Tire Corporation (TSX:CTC.A) hasn't enjoyed the same stability that Loblaw has had this year. The stock was trading at around $150 before the markets crashed. But over the past few weeks, it's around the $80 to $90 range. That's a steep selloff for what's been a very good dividend stock.

Canadian Tire's reduced store hours at some of its stores while temporarily closing others as a result of COVID-19. There's definitely a bit more risk with Canadian Tire stock, as the longer that its consumers aren't able to go to its stores, the more of an impact there will be on its financials.

However, the company's shown a commitment to not only paying dividends, but also raising them over the years. Even if there's a suspension in the payout, it's likely it would be resumed once the pandemic is over.

For investors, being able to buy shares of Canadian Tire would mean the opportunity to secure a more attractive dividend yield. At a price of $85, for instance, the dividend yield would be up to 5.3%

True North Commercial Real Estate Investment Trust (TSX:TNT.UN) may be one of the best dividend stocks to own right now. The stock currently pays a monthly dividend of $0.0495. Investors who buy the stock today will earn a dividend yield of around 12% per year.

While that's a high dividend yield, as long as the real estate investment trust (REIT) continues generating strong profits, investors have little to worry about.

With many of the company's largest tenants being the government — both federal and provincial — its portfolio is fairly stable. REITs generally provide stability for investors leases are locked in for many years.

While some retailers may suspend their store operations, unless things become even more dire, it's unlikely they'll want to shut them down completely.

The federal government aims to help businesses through these tough times, which should help minimize the hit to businesses as a result of the pandemic. True North could be a steal of a deal given its low risk and low price.

CATEGORY

1. Investing

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2. TSX:L (Loblaw Companies Limited)
3. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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Date
2025/08/25
Date Created
2020/04/05
Author
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