Selloff: 2 Stocks That Could Withstand 100 Market Crashes

Description

A deep global recession looms large as the spread of COVID-19 continues and the oil price war is still raging. The market selloff is the worst since the 2008 financial crisis. Many companies are in survival mode, while investors are incisively evaluating stocks that can endure the downturn and return big in the future.

If you were to choose, I suggest that you review the survivors of recessions past. **Bank of Montreal** (TSX:BMO)(NYSE:BMO) and **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) are the institutions that could probably withstand 100 markets.

BMO and Scotiabank are two of the Big Five banks in Canada. I will only look at the dividend track records to validate why both are top picks during uncertain times. BMO was the first company to pay dividends that started in 1857. Three years later, Scotiabank began the practice of sharing profit with shareholders.

Oldest incorporated bank

Up until the creation of the Bank of Canada in 1935, BMO stood as the country's central bank. Today, it's the fourth-largest bank in Canada by market capitalization. The bank's incorporation and goal in 1817 were to cater to business customers and help them conduct trades in Montreal and beyond the city.

A year later, BMO was operating in Boston, New York, and London through business associations. In 1822, BMO became a public company. During the year of Confederation (1867), the bank began growing. Lending to lumber, railway, and industrial companies was brisk and driving growth.

During World War I and II, the bank was at the epicenter of things. BMO was playing a pivotal role by financing the country's war efforts. In 1954, it was the first bank to offer mortgage and small business loans. In the face of recession, particularly in 2008, BMO kept shareholders whole by paying dividends.

Gold bank

Scotiabank was known as Canada’s gold bank in the 1830s because it held a dominant position in bullion trading. It also has a storied history during the World I and II. The early years were rocky before growth came about. However, lending to the government during both World Wars was its largest growth business.

In World War II, a total of 950 bank employees enlisted to serve their country. After the war, Scotiabank took aggressive measures in commercial and individual lending. By 1950, the commercial lending business was dwarfing the investments in government securities.

Scotiabank was the first bank to introduce deposit accounts with a floating interest rate. More innovations followed that by the early 1970S, it was Canada’s leading international bank. Today, banking products and services are highly diversified. For 188 years, dividend growth was rock steady except for a brief slide in 2008 at the height of the financial meltdown.

Deep discounts

As a result of the market selloff, the shares of BMO and Scotiabank are trading at deep discounts. BMO’s price is down 32.6% year-to-date to $67.13, while Scotiabank is losing by 23.9% at $54.38 per share. The dividends, however, have risen to 6.62% and 6.93% for BMO and Scotiabank, respectively.

These two banks can endure market crashes while investors in both high-quality assets should continue to earn generous passive income.

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cliew