Anxious Over Losing Money? Buy These 2 Dependable Dividend Stocks

Description

The COVID-19-driven crash has hit the stock markets all over the world. The S&P/TSX composite index has slumped by one-third of its value since the last week of February. While the crash has hurt the majority of stocks on the TSX, some entities have held up well during this double whammy of oil crisis and pandemic.

Here, I am going to discuss two stocks that are putting up with the ongoing crisis better than many other TSX counterparts.

Canada's second-largest discounted retailer

Over the last decade or so, **Dollarama** (TSX:DOL) has registered phenomenal growth on the TSX. It has experienced more than 1,000% growth in its stock value in the said period. The primary reason behind Dollarama's momentous turnaround is that it has succeeded in cutting out the middleman. Dollarama has half of its merchandise coming directly from manufacturers.

This distinguished business model has allowed the dollar retail store to offer price points that its competitors can't match. This unique proposition is also helping Dollarama to sustain its stock performance amid one of the worst bear markets of late.

Post-2008 recession, there was a noticeable increasing trend of thrift shopping by consumers. The current pandemic-driven crash also poses a similar threat to the economy, where a regular consumer may turn to bargain and value stores to buy staples as well as discretionary items.

This situation may prove to be beneficial for Dollarama during the nationwide economic recovery. While many other businesses will stay in a slow, cautionary mode after the curve flattens and lockdowns ease, Dollarama might already be galloping. So, this can be the right window to invest in Dollarama, with its stock trading 22 times its earning, which is its cheapest valuation in the last couple of years.

Energy never goes out of demand

Fortis (TSX:FTS)(NYSE:FTS) is a utility company overseeing electricity generation and distribution all across North and Central America, including the Caribbean, with its 11 subsidiaries. The demand for electricity, especially in the residential sector, isn't affected too negatively by economic downturns and market cycles.

This gives Fortis intrinsic safety against such market crashes. During the 2008 financial crisis, when nearly every stock has fallen more than 50 its value, Fortis held its ground and stopped at a 15% drop. The stock was trading at around $55 before the recent crash, and even now, it is trading north of $50.

It indicates that the crash may not be as severe for Fortis as it is for many other TSX players. Also, it hints that the company may stick to its five-year capital investment plan that can raise its rate base to $40 billion in the next four years.

Consumer staples save the day

Both Dollarama and Fortis deal in items that are considered consumer staples. No matter how severe the economic fallout will be, people have to eat and use electricity, and this gives Dollarama and Fortis leeway that many other stocks don't have.

CATEGORY

1. Dividend Stocks
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2. TSX:DOL (Dollarama Inc.)
3. TSX:FTS (Fortis Inc.)

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Date

2025/08/24
Date Created
2020/04/18
Author
cliew