TFSA Investors: 2 Dividend Stocks to Buy in the Next Market Crash

Description

In all likelihood, another crash will happen to the markets this year. The coronavirus pandemic crippled stocks in March, and it can do it again. It could happen sooner rather than later, especially with COVID-19 cases rising in the U.S., which could put fear back into investors who've perhaps been a bit too bullish over the past few months.

And if a crash does happen, there are two stocks dividend investors should be looking to add to their portfolios.

CIBC

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a great long-term investment whenever you buy the stock. But when stocks went over a cliff in March, shares of CIBC reached a 52-week low of $67.52. Even if this top bank stock doesn't fall to those lows again, buying it at less than $80 per share could be a great deal. Outside of that crash, the last time CIBC's stock was trading below $80 was back in 2013. It underscores just how rare of a buy the bank stock would be at that price.

The company's quarterly dividend payments of $1.46, assuming they remained intact, would be yielding 7.3% at $80. It would be a top yield from a safe bank stock, one that CIBC would likely increase over the years. Getting a bank stock at such a deal is indeed a rarity, as it's as close to a sure thing out there as possible.

Although the economy's in the midst of a recession, that shouldn't prevent you from investing in CIBC, as over the long term, it could deliver some fantastic results for your portfolio.

BCE

BCE (TSX:BCE)(NYSE:BCE) is another solid blue-chip stock that makes for a great long-term investment. The telecom giant has a solid place in its industry, and it's arguably even safer than many bank stocks. Averaging a beta of around 0.3, this low-volatile stock is one that won't be erratic, and you won't have to worry about going on wild swings.

Shares of BCE also hit 52-week lows in March, falling to just over $46. At that price, its current quarterly dividend payments of $0.8325 would be yielding 7.2% — a bit less than CIBC if you had caught it near the bottom. Even at its current yield of around 6%, BCE is still providing new investors with a better payout than normal. If you'd bought the stock earlier in the year when it was trading at over $62, your yield would be closer to 5.3%.

BCE is one of the better dividend stocks out there on the TSX, and if it falls, it would be a great idea to add it to your portfolio. While it may not generate much in the way of capital appreciation, it's still a good income-producing stock.

Bottom line

A crash in the markets can create some attractive buying opportunities for investors. For investors with Tax-Free Savings Accounts, locking in these two stocks at yields of 7% or more could be too good of an opportunity to pass up. Not only would you be able to secure some cheap long-term investments, but they'll also be terrific sources of recurring cash flow.

CATEGORY

1. Bank Stocks
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djagielski