Stock Market Crash: 3 Dividend Stocks to Secure Your Portfolio

Description

The **S&P/TSX Composite Index** dropped 40 points on July 28. Earlier this week, I'd discussed the bull run for gold and whether this may portend a stock market crash. Last month, the Organization for Economic Co-operation and Development (OECD) projected one of the worst recessions in a century. It forecast that Canada may be hit harder than its peers. Because of this, investors may want to take a defensive position in their portfolios.

Is a stock market crash imminent?

One technical indicator may be of some value, as investors ponder valuations in this market. The Relative Strength Index (RSI) is a momentum indicator that measures the magnitude of recent price changes. This is done to evaluate overbought or oversold conditions in the price of a stock or other asset. The TSX Index last had an RSI of 61, which puts it closer to overbought levels. Of course, this does not necessarily mean that a stock market crash is around the corner.

Today, I want to look at three dividend stocks that can offer more protection in your portfolio in these uncertain times. If there is a stock market crash in the second half of 2020, these stocks have a good shot at beating back volatility.

Three defensive stocks that can protect your portfolio

During the market correction in the spring, I'd suggested that investors should stash grocery retailers. **Empire Company** (TSX:EMP.A) is one of the largest food retailers in Canada. Its shares have climbed 13% in 2020 as of close on July 28. This is one of the best stocks to hang onto in the event of a stock market crash.

In Q4 FY 2020, the company saw same-store sales increase 18% year over year. Meanwhile, adjusted earnings per share rose to $0.66 over $0.45 in Q4 FY 2019. Better yet, Empire increased its annual dividend by 8.3% to $0.52 per share. This represents a modest 1.5% yield.

Empire stock last had a price-to-earnings (P/E) ratio of 15. This puts its shares in solid value territory at the time of this writing.

Fortis (TSX:FTS)(NYSE:FTS) is an elite dividend stock on the TSX. This St. John's-based utility holding company has delivered dividend growth for over 45 consecutive years. Utilities have been a strong bet in this environment as an essential service during the COVID-19 pandemic.

Shares of Fortis have increased 1.3% in 2020 so far. The company is targeting annual dividend growth of 6% through 2024, which will be supported by its massive five-year capital plan. Fortis stock last possessed a favourable P/E ratio of 14 and a price-to-book (P/B) value of 1.3. It currently offers a quarterly dividend of $0.4775 per share, representing a 3.5% yield. Fortis is a fantastic stock to hold for investors who are worried about a potential stock market crash.

Cogeco Communications is one of the largest cable operators in North America. Its shares have dropped 10.5% in 2020 so far. However, telecoms are another solid target right now. These providers have become even more crucial with so many workers reliant on internet access in their homes.

In Q3 FY 2020, Cogeco saw revenue increase 3.1% to $605.8 million. Meanwhile, adjusted EBITDA climbed 3.8% to $294.7 million. Shares of Cogeco last had an attractive P/E ratio of 13 and a P/B value of 2.1. The stock offers a quarterly dividend of $0.58 per share, which represents a 2.3% yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:EMP.A (Empire Company Limited)
3. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/21
Date Created
2020/07/29

Author
aocallaghan