



Market Crash: 3 Canadian Giants That Offer Unparalleled Dividend Stability

Description

Who would have imagined that markets will recover in just four months from such a severe crisis? Not only the newcomers, but even seasoned market participants were badly burned in the recent volatility. While the outlook remains mixed on a continuing rally and a market crash, there can't be a better time to go for defensive, dividend stocks.

Let's discuss three top **TSX** stocks that offer secured dividends and stable stock price movements that will likely protect your portfolio from volatile markets.

Fortis

Top utility stock **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) will be a classic defensive play in the current market situation. Utilities generally have a low correlation with broader markets. They have the ability to generate stable cash flows even in recessionary environments. Notably, they generally outperform in lower interest rates as investors switch to the higher dividend yield options.

Fortis stock yields 3.6% at the moment, which is almost in-line with the broader markets. However, its [long dividend payment history](#) could be highly comforting for long-term investors. The management aims to increase dividends by 6% per year for the foreseeable future.

Fortis operates in five Canadian provinces, nine U.S. states, and three Caribbean countries and collectively serves approximately 3.3 million customers. Its large-scale regulated operations facilitate stable and predictable earnings, which ultimately facilitates stable dividends.

Enbridge

Top energy midstream company **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) has notably outperformed integrated energy stocks over the longer term. That's mainly because of its minimal exposure to volatile oil and gas prices.

While earnings of oil-producing and exploration companies significantly suffered on the back of lower crude oil prices, Enbridge's earnings were relatively resilient because of its long-term contractual agreements.

Interestingly, Enbridge stock has been a laggard this year and has lost more than 15% so far. Lower oil prices lead to lower production, which ultimately leads to lesser business for pipeline companies like Enbridge. However, Enbridge's unmatched network of pipelines provides valuable energy infrastructure to entire North America.

Enbridge stock yields 7.5% at the moment, notably higher than TSX stocks at large. It has increased dividends for the last 25 consecutive years. Enbridge's quarterly results in 2020 highlight its stronger financial position, and one can expect continued dividend growth for the next few years.

Royal Bank of Canada

Bank stocks are the first ones to feel the economic weakness. Thus, they might not be apt every time as defensive plays. However, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) stock looks relatively better placed in the current crisis. Its attractive valuation and secured dividend yield will likely help outperform peers in the medium to long term.

RBC stock yields 4.4% at the moment, close to that of peer [Canadian banks' average](#).

Royal Bank's earnings declined in the last quarter as provisions for credit losses surged significantly. It will release third-quarter earnings next week. It will be interesting to see how provisions impact its bottom-line for the quarter and what management thinks of the future.

Royal Bank has a strong balance sheet and superior credit quality. Though pandemic-driven challenges might dominate the stock in the near future, its scale and diversified earnings base will play a big role in its recovery.

These three stocks offer unparalleled dividend stability among Canadian bigwigs. Even if stocks flounder in the near future, their long-term dividend visibility is highly valuable in current uncertain times.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)

6. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

Date

2025/08/24

Date Created

2020/08/20

Author

vinitkularni20

default watermark

default watermark