Market Rally: 2 Dividend Stocks I'm Absolutely Holding Through 2021 and Beyond

Description

The market keeps silent about when it has crashes and rallies. By the time a market crash happens, for most investors, it's too late to get out. For most investors who exited the market, by the time it recovers, it's too late to get in, because they want to buy at the lowest point. Therefore, it's usually best to stay invested, which especially works well when you're in dividend stocks that provide nice income.

Following the horrendous market crash at the start of the year was a comforting market rally.

Interestingly, market crashes are much more painful for investors to endure compared to the joy that comes from market rallies. Another intriguing fact is that it takes a flash for the market to crash but much longer for it to recover. This year's market crash only took about a month, while it required eight months to recover to its previous height.

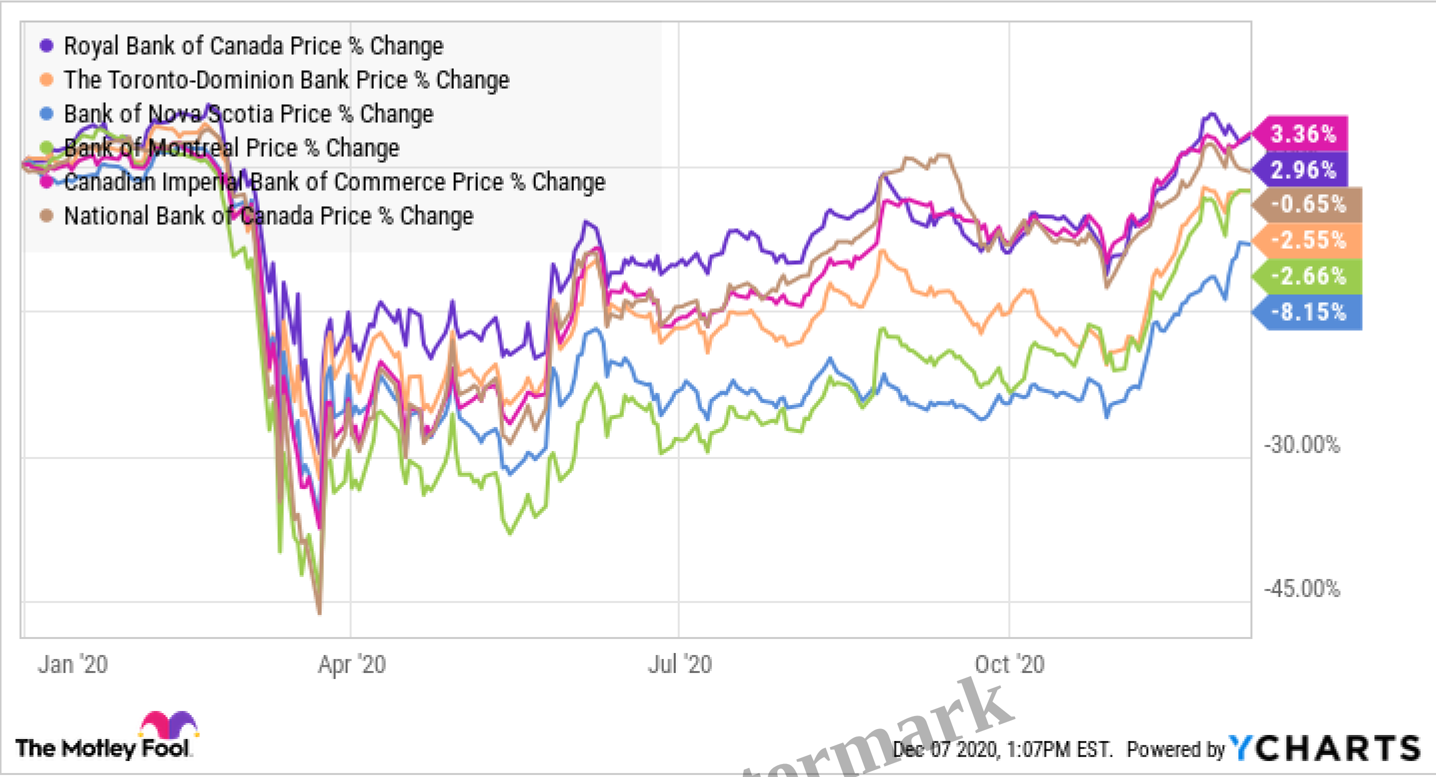
The market rally roars on, passing the market's previous high. Here are some dividend stocks that you should consider owning for 2021 and beyond.

Bank stocks

If you own any of the Big Six Canadian bank stocks, you should probably hold on to them. On an economic recovery, they will continue to do well.

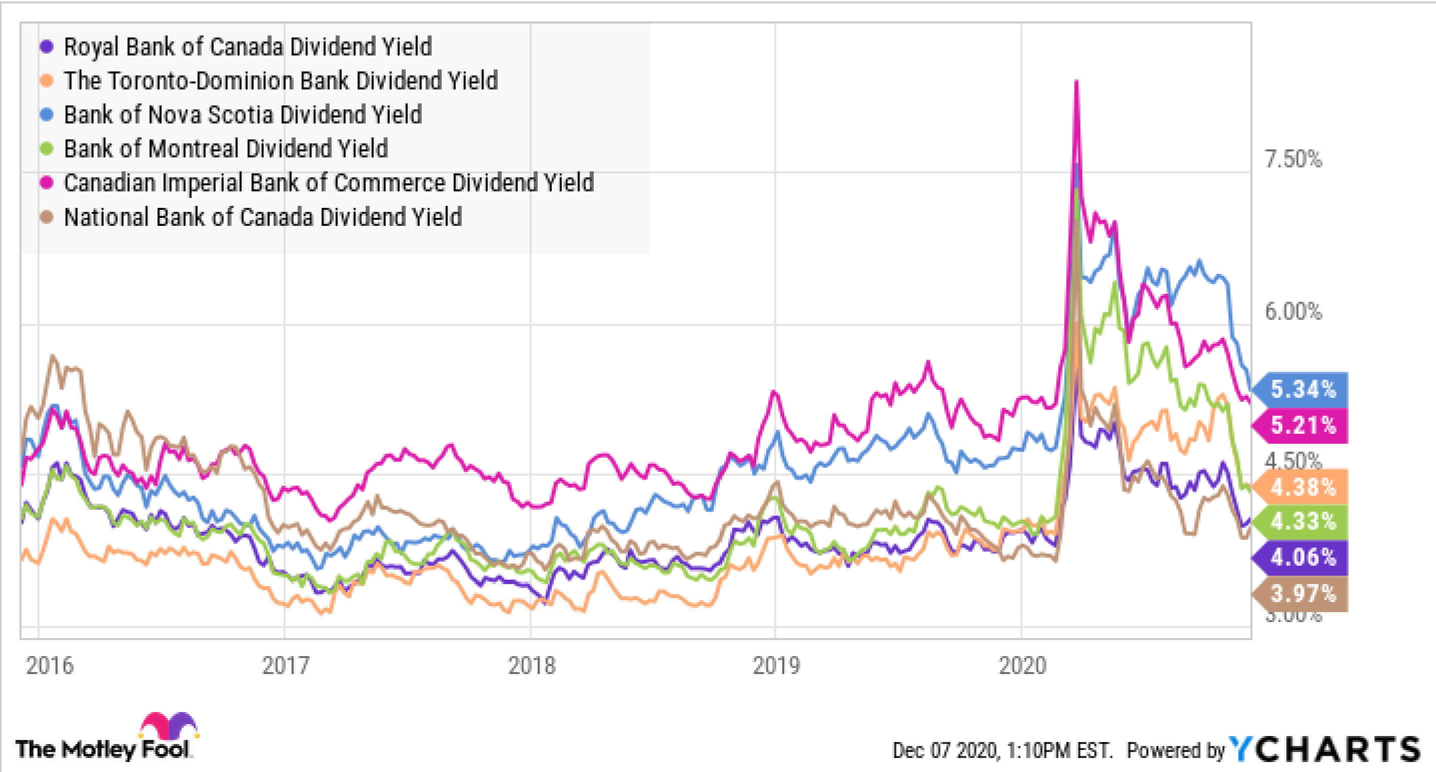
Hints of their recovery are shown through their brighter fiscal Q4 quarterly reports compared to earlier this year when the economic impacts from pandemic disruptions were the most severe.

As a result, they have largely recovered from their lows from earlier this year.



Data by YCharts.

Importantly, the banks still offer attractive dividend yields of approximately 4-5% for investors who seek safe income.



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Perhaps as soon as next year, the banks will be able to increase their payouts again. The cheapest bank that also provides the highest yield is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). It has greater exposure to emerging markets, which could drive higher growth as global economies regain lost ground.

Currently, BNS stock yields 5.35% and can potentially deliver annualized returns of roughly 16% per year over the next couple of years of economic normalization.

Utility stocks

Utility stocks generally add stability to a stock portfolio. Therefore, it makes sense to allocate a good percentage of capital to utility stocks on an economic recovery that could have bumps along the way.

Investors might own **Fortis** (TSX:FTS)(NYSE:FTS) or **Brookfield Infrastructure** for top-notch quality utility exposure. Between the two, Fortis stock appears to be more undervalued today.

At $52.49 per share at writing, it yields 3.85%. The average 12-month analyst price target suggests Fortis stock has near-term upside potential of more than 13%.

As expected of a first-class regulated utility, Fortis displayed a super resilient business with year-to-date adjusted earnings per share falling only 2.6% year over year.

Fortis didn’t break a sweat from increasing its dividend by 5.8% this year. Moreover, it expanded its five-year capital plan (worth $19.6 billion), which will support its annual dividend-growth target of roughly 6% in that period.

In short, the recent dip in Fortis stock is a good entry point for low-risk investors who seek stable income and returns.

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