Market Crash 2.0: 2 Safe Dividend Stocks to Hold in 2021

Description

The **S&P/TSX Composite Index** rose 60 points on December 16. Canadian stocks look poised to carry momentum into the New Year. Investors who stuck with the market in the spring have been rewarded. However, Canadians should keep the adage in mind: "Be fearful when others are greedy." Earlier this month, I'd discussed why Warren Buffett's favourite indicator showed an overheated North American and global market. Investors should actively prepare for a market crash. Today, I want to look at two super safe stocks that can protect you in 2021.

Why these dividend stocks held strong in the last market crash

When the COVID-19 pandemic hit, retailers were rightfully nervous. Governments across the world responded with heightened restrictions and lockdowns that varied in severity. Fortunately, essential services were kept open. That means that grocery retailers were able to sidestep the carnage that befell much of the brick-and-mortar retail world. These are great defensive dividend stocks to hold in a market crash.

Metro (TSX:MRU) is one of my top options in the grocery retail space. Before the pandemic, Metro showed its forward-thinking nature and pushed to offer online orders and delivery options to its customers in Quebec. Shares of Metro have climbed 9.9% in 2020 as of close on December 16. The stock has dropped 5% month over month.

In its fourth quarter and full-year results for 2020, Metro came out looking good. Food same-store sales grew 10% in Q4 2020. Meanwhile, total sales for the full year rose 7.3% to $17.9 billion. Adjusted net earnings increased 13.3% to $829 million in 2020. Metro managed to put together a fantastic year in the face of a devastating global pandemic.

Shares of this dividend stock last possessed a favourable price-to-earnings ratio of 18 and a price-to-book value of 2.4. Metro offers a quarterly dividend of $0.225 per share, representing a modest 1.5% yield.

One utility stock that I’m looking to stash in late 2020

Emera (TSX:EMA) is the second dividend stock I want to zero-in on today. Utilities also qualify as essential services, which makes them a solid target in the event of a market crash. Emera stock has climbed 2.1% in 2020 as of close on December 16. Shares have dropped 2% over the past month.

The company released its third quarter 2020 results on November 13. Adjusted net income rose to $166 million or $0.67 per share, compared to $122 million or $0.51 in the prior year. In the year-to-date period, adjusted net income was up marginally over the prior year to $477 million or $1.93 per share.

Shares of Emera last had an attractive P/E ratio of 15 and a P/B value of 1.6. Moreover, the utility has an impressive history of dividend growth. It has raised its dividend for 13 consecutive years. Emera last paid out a quarterly dividend of $0.637 per share, which represents a solid 4.6% yield. Emera is a dividend stock you can trust in a market crash.

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