3 Canadian Stocks to Buy if the Market Dips Low Again

Description

The TSX soared to a new closing high of 20,644.60 on August 27, 2021. Canada's main index also hit a fresh all-time intraday high of 20,662.90 at one point during trading. However, a correction could occur next month.

According to *Stock Trader's Almanac*, September is the worst month for stocks. While it could be true, **Bank of Montreal** (TSX:BMO)(NYSE:BMO), **Manulife** Financial (TSX:MFC)(NYSE:MFC), and **Imperial Oil** (TSX:IMO)(NYSE:IMO) investors aren't worried a bit. You can buy the three Canadian stocks, even if the market dips low again.

Banks and insurance companies in particular have shown resiliency throughout the crisis. Meanwhile, energy stocks are past the slump and recovering remarkably in 2021. Furthermore, there was no disruption in dividend payments whatsoever.

Higher profits

BMO reported an 85% increase in net income for Q3 fiscal 2021 (quarter ended July 31, 2021) versus Q3 fiscal 2020. On a year-to-date basis, net earnings grew 59% compared to year to date 2020. The provision for credit losses (PCL) went down to $146 million from $2.5 billion a year ago.

Darryl White, BMO Financial Group's CEO, cited the operating momentum across its diversified businesses as the reason for the solid financial performance. He also pointed to BMO's leadership in risk and balance sheet management, as the key differentiator. Besides the strong credit metrics, BMO's capital position remains robust (13.4% CET1 ratio).

Growing business amid the pandemic

Deloitte reported that while the COVID-19 had a significant impact on the broader economy in 2020,the insurance industry responded quickly to the crisis. PolicyAdvisor's research showed that 44% of Canadians plan to buy or will buy insurance due to the pandemic.

Manulife Financial, for example, continues to grow its business amid a challenging environment. The $48.74 billion insurer and financial services provider reported an 18% increase in core earnings in Q2 2021 versus Q2 2020. Its president and CEO Roy Gori said the strong business momentum resulted in a record.

Manulife's Global WAM (wealth and asset management) contributed 62% to the core earnings growth. Gori added, "We have also continued to make strides in our ambition to become the most digital, customer-centric, global company in our industry." By launching digital enhancements across, it should be easier for customers to do business with Manulife in the current environment.

Significant momentum

Imperial Oil reported a net income of $758 million in the first half of 2021. In the same period in 2020, **Exxon Mobil's** subsidiary net loss was $714 million. Also, the $23.78 billion company's production in Q2 2021 was the highest second-quarter production in 25 years.

Management said the strengthening crude oil prices indicate an improving business outlook. Brad Corson, Imperial's CEO, said, "Imperial has significant momentum entering the second half of the year and is well positioned to continue delivering on its commitments."

The good news for investors is that Imperial Oil's dividend track record remains unblemished. Dividend payouts were uninterrupted for more than 100 years. Likewise, the energy stock is among TSX's top performers in 2021 with its 58.23% gain.

Rock-solid dividends

The stock prices could dip, but the dividends should be rock solid for years. Currently, Manulife Financial (4.46%) pays the highest yield, followed by Bank of Montreal (3.34%), and then Imperial Oil (2.9%).

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2. Dividend Stocks
3. Energy Stocks
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