Worried About Market Volatility? Stash These Dividend Stocks

Description

North American markets took a major hit to open the week. The **S&P/TSX Composite Index** was up 145 points in early afternoon trading on September 21, recouping some of its steep losses from the previous day. Still, there is anxiety surrounding the fourth wave of COVID-19, surging inflation, and a market that looks overheated. Today, I want to look at three dividend stocks that could protect you against market volatility in 2021 and beyond. Let's jump in.

Utilities have proven resilient during previous market pullbacks

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is an Oakville-based company that owns and operates a portfolio of regulated and non-regulated generation, distribution, and transmission utility assets in North America. Last August, I'd discussed why utility stocks were worth trusting in a choppy market. Shares of this dividend stock have dropped 5.8% in 2021 at the time of this writing.

The company released its second-quarter 2021 results on August 12. Revenue rose 54% from the prior year to $527 million. Meanwhile, adjusted net earnings were reported at $91.7 million, or $0.15 per share — up from $47.4 million, or $0.09 per share, in the previous year. Moreover, adjusted EBITDA increased 39% to $244 million.

Shares of Algonquin possess a favourable price-to-earnings (P/E) ratio of 10. It last paid out a quarterly dividend of $0.171 per share, which represents a solid 4.3% yield.

Here's a dividend stock you can trust in a choppy market

Canadian Tire (TSX:CTC.A) is one of Canada's premier retailers in the automotive, hardware, sports, leisure, and houseware sectors. These sectors have been resilient in the face of economic and market volatility in the past. Shares of this dividend stock have climbed 14% in the year-to-date period. The stock is up 52% from the same time in 2020.

In Q2 2021, Canadian Tire beat expectations and delivered revenue growth of 20% to $3.92 billion. It reported profit attributable to shareholders of $223 million, or $3.64 per diluted share — up from a loss of $20 million, or $0.33 per share. Canadian Tire should continue to receive a boost, as stores are able to ramp up capacity as the country pursues its reopening.

This dividend stock last had an attractive P/E ratio of 9.9. Canadian Tire offers a quarterly dividend of $1.175 per share. That represents a 2.4% yield.

One more dividend stock to buy as volatility picks up

Metro (TSX:MRU) is a Montreal-based grocery retailer that operates in Quebec and Ontario. Grocery retailers have been a solid defensive option since the beginning of the COVID-19 pandemic. These retailers posted impressive sales growth during the crisis. Shares of this dividend stock have increased 4% in 2021. However, the stock is down 5.7% month over month.

The company unveiled its third-quarter fiscal 2021 results on August 12. Sales were down marginally in the quarter due to a massive uptick in the third quarter of fiscal 2020. Online food sales delivered 19% growth over the prior year. It is on track to deploy 170 pickup sites by the end of this fiscal year.

Shares of Metro last had a favourable P/E ratio of 18. It offers a quarterly dividend of $0.25 per share, representing a modest 1.6% yield.

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