3 Dividend Stocks to Buy if the Market Crashes in 2022

Description

Historically, the stock market falls about 10% once a year, 15% every other year, and 20% once every four years. However, the past couple years have been very volatile, and the broader market has seen incredible moves upward. This doesn't mean we'll see a crash anytime soon, but investors should be aware that it could happen. In case that it does, investors should remember to invest in dividend stocks that are low in volatility, dependable, and have low payout ratios.

Start with this top dividend stock

It's been previously shown that dividend stocks tend to do better during market downturns than growth stocks. However, investors can do one better by looking at dividend stocks that are low in volatility. This can be determined by looking at a company's beta. This is a metric that represents a particular stock's volatility relative to the broader market. A beta of 1 indicates that a stock is just as volatile as the broader market.

Fortis (TSX:FTS)(NYSE:FTS) is an excellent stock to pick up by that metric. As of this writing, Fortis has a beta of 0.08, suggesting that it's much less volatile than the broader market. Fortis is also recognized as a top Canadian Dividend Aristocrat. With a dividend growth streak of 47 years, Fortis ranks as the holder of the second-longest active dividend growth streak in Canada. In the event of a market crash, this is the first stock I would consider.

Look for dependable companies

The term "dependable" can be defined in many ways. By this, I mean a company that should continue to be relied upon regardless of the state of the economic conditions. A classic example is waste management companies. Society will continue to need someone to pick up its trash regardless of what the economy looks like. However, in this article, I'll focus on a railway company. As it stands, we have no way of transporting large amounts of goods long distances if not by rail.

Because of this, I would suggest **Canadian National Railway** (TSX:CNR)(NYSE:CNI) as another stock investors should consider in the event of a market crash. With a rail network of about 33,000 kilometres of track, Canadian National is one of the largest rail companies in North America. To add to its dependability, Canadian National has a beta of 0.64, indicating that it's noticeably less volatile than the broader market.

Choose a stock with a safe dividend

Finally, I believe investors should consider holding **goeasy** (TSX:GSY) in the event of a market downturn. This may be a strange pick because of its high beta (2.10), but hear me out. First, goeasy's business makes it very attractive for that sort of event. It provides high-interest loans to subprime borrowers and sells furniture and other home goods on a rent-to-own basis. If an event does occur, which causes the economy to struggle, we could see goeasy's business take off. It's exactly what happened during the pandemic.

In addition, goeasy's dividend appears very safe from any sort of cut or suspension. At time of writing, goeasy's dividend payout ratio stands at 16.34%. That's very low considering the company has managed to grow its distribution over 700% over the past seven years. The company is also listed as a Canadian Dividend Aristocrat, which puts it among the best dividend paying companies in Canada.

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5. TSX:GSY (goeasy Ltd.)

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jedlloren