3 Dividend Stocks to Buy to Fight the Market Correction

Description

Since the start of the year, stocks have been very weak. Across the board, many popular names are falling. It also appears that many different sectors are being affected. What's causing this decline? Investors have identified fears related to increasing interest rates as a driver behind these recent stock market movements. So, what should investors do today? Buying shares of established dividend stocks in the financial and consumer discretionary sectors would be a good idea.

It's time to buy the banks

When interest rates rise, it creates a favourable environment for banks. During periods of higher interest rates, banks often see an expansion in profit margins. Add in the fact that Canada's banking industry is very concentrated towards a small group of companies, and it becomes really tough not to buy shares of banking companies. Of the Big Five Canadian banks, my top choice is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS).

Bank of Nova Scotia is listed as a Canadian Dividend Aristocrat, having increased its dividend for over a decade. The stock also offers a forward dividend yield of 4.33%, making it very attractive to dividend investors. Since the start of the year, Bank of Nova Scotia stock has gained about 0.3%. This is slightly better than the performance of the **TSX**, which has lost 0.2% so far this year.

Consider an insurance company

If you've already got exposure to the banks and would like to invest in other companies within the financial sector, then consider an insurance company. As a concept, these are excellent companies to invest in because they collect premiums from paying members on a regular basis. However, they're only on the hook when incidents occur. One insurance company that you should consider buying today is **Manulife Financial** (TSX:MFC)(NYSE:MFC).

Manulife is the largest insurance company and one of the largest fund managers in the world in terms of assets under management. Another Canadian Dividend Aristocrat, Manulife has managed to increase its dividend in each of the past seven years. It also offers a very attractive forward yield of 5.06%. Since the start of the year, Manulife stock has gained more than 3%.

Grocery stores remain strong

Finally, investors should consider buying shares in a grocery store. No matter what happens in the economy, people are going to need to eat. Grocery stores will be frequented, even if inflation and interest rates continue to rise. One grocery company that you should consider buying today is **Metro** (TSX:MRU).

Under its Metro, Super C, Food Basics, and Marché Richelieu banners, the company operates more than 500 stores. Like the other two companies listed here, Metro is a Canadian Dividend Aristocrat. It holds a dividend-growth streak of 26 years. This means that it's one of 11 TSX-listed stocks that would qualify as a Dividend Aristocrat in the United States. Metro offers a forward yield of 1.51% at a payout ratio of 21.77%.

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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:MRU (Metro Inc.)

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jedlloren