TFSA Investors: Top Dividend Stocks to Sail Through a Possible Recession

Description

TFSA investors likely feel hopeless, with inflation causing the latest round of market selling. It's been a terrible year for everything, including dividend stocks, which are now feeling the shockwaves, as the vicious market selloff broadens. It's no longer a growth problem anymore; it's a panic-fueled rush to the exits. Indeed, many folks lack liquidity, and that may be the primary driver of the selloff in the past few sessions. Undoubtedly, the selloff is accelerating, but it's far better to get the nastiness out of the way, so markets can finally find firm footing and do something constructive.

When market losses accelerate, it's time to think about buying stocks if you have the liquidity to do so. Remember, the larger the down days, the greater the odds of a big up day on the horizon. And it's these big-bounce days that beginner investors do not want to miss. Heck, the markets could bounce for the rest of the week, as investors move on from the horrendous inflation numbers for the month of May.

With another round of earnings season approaching, we may have what it takes to climb out of the gutter, as the Fed looks to do its best to crush inflation without doing the same to stock prices.

Dividend stocks sink as the market selloff broadens

Dividend stocks are feeling the pain now, with full-blown recession fears hogging the headlines. It's these such names that may be great buys for TFSA investors who want to use this selloff as a chance to top up on quality merchandise at marked-down prices. Indeed, the more investors think about selloffs in this way, the likelier one will accelerate the growth of their long-term TFSA retirement funds.

Nobody said investing would be easy. It was easy in 2021, but after so much damage done to markets, few have anything to show for their excess trading activity. At the end of the day, it's hard years, like 2022, where investors can make the most money. Nobody knows when the bear market will end, but it will end in due time. And if you've got a horizon that's long enough to see the inevitable recovery, you should not fear what others fear. You don't have the same horizon as others, and you may have the liquidity to do something with the hand you've been dealt.

Royal Bank stock: A TFSA-worthy dividend stock to hang onto as recession risks rise

Currently, **Royal Bank of Canada** (TSX:RY)(NYSE:RY) seems like a quality blue chip that's tough to pass up for TFSA investors looking to walk away from the 2022 market selloff with some discounted merchandise in hand.

Royal Bank has lost more than 15% of its value since peaking back in January. Though higher rates bode well for net interest margins of retail banks, there's fear that we could see the economy nosedive. I'd argue that a recession in Canada is highly unlikely with oil as high as it is. Though a blow-off top in oil could weigh, such a move would likely take a stride out of inflation's step. In essence, Canada is one of the world's most resilient nations in this global slowdown.

In any case, many will doubt every asset, including the premier dividend growers like Royal Bank. At 11.1 times trailing earnings, the $180 billion banking behemoth is ready to snap back, and its 4.1% dividend yield is still capable of growing amid a recession.

Bottom line

Sure, Royal stock will get pummeled alongside everything else, as this current selloff worsens. But it's names like RY stock that seem like babies thrown out with the bathwater. For that reason, Canadian banks are worth standing by, as they lead the TSX lower over issues that seem overblown.

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Author
joefrenette