2 Top Dividend Stocks I'm Eyeing in This Market Correction

Description

It's not easy for investors to invest in stock market corrections. It'd be helpful to keep in mind that no one can guess the bottom. Does it matter if you're buying on the way down or on the way up? Some believe that it's lower risk to buy after stocks have stabilized and started moving up. In the matter of dividend stocks, you would earn a bit more dividend income if you buy earlier.

Here are a couple of top dividend stocks I'm eyeing in this market correction.

BMO stock

Bank of Montreal (TSX:BMO)(NYSE:BMO) is a solid Canadian bank stock that pays a good dividend. The stock is trading at a reasonable value, but the market is worried about the effects of higher inflation and higher interest rates on the economy and the market. Everything is costlier with higher inflation and borrowing costs are increasing. The biggest concern is likely the effects on the Canadian housing market, as most Canadian household debt is in mortgages.

The Canadian Press reported in March that "Statistics Canada says the ratio of household debt to disposable income hit a record level in the fourth quarter as mortgage borrowing rose and disposable income fell … there was $1.86 in credit market debt for every dollar of household disposable income."

In the last stock market crash during the pandemic, BMO stock stabilized at $70-78 before breaking through resistance at about $80. By buying the stock around March 2020 at the $70-78 range, investors could have received one to two more quarterly dividends than investors who buy at similar levels later that year.

Despite the stock correction, BMO stock still trades at about 65% higher than the $78 level. The bank stock trades at a discount of about 17% to the analyst consensus price target and provides a decent yield of approximately 4.3%. Investors can start buying now and start collecting safe dividends if they have a long-term investment horizon.

goeasy stock

Another financial services stock that has delivered strong returns for the long haul is **goeasy** (TSX:GSY). It provides an essential service, lending money to folks who cannot borrow through traditional means. goeasy is a Canadian Dividend Aristocrat with a 15-year dividend-growth rate of approximately 17%.

In the last stock market crash, goeasy stock crashed more than 60% from peak to trough. From the low, it appreciated as much as 600% by late 2021. Buying the top-notch financial services stock any time during the 2020 pandemic market crash would have made tonnes of money for investors.

Here lies another incredible buying opportunity for investors. The stock is trading at more than 50% below its peak. Analysts believe the value stock is on sale for 50% off! Patient investors can potentially make very good money over the next five years. In the meantime, the dividend stock churns out decent income equating to a yield of about 3.6%.

In summary

Investors do not need to guess the bottom of market corrections to make good money from stocks. First, make a list of businesses you believe are here to stay and will do well over the next five to 10 years. Ideally, these stocks pay out regular dividends that increase over time. Then buy them in market corrections when they trade at discounted valuations. Right now, both BMO and goeasy stocks are good considerations to start your research.

CATEGORY

1. Dividend Stocks
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2. TSX:BMO (Bank Of Montreal)
3. TSX:GSY (goeasy Ltd.)

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