Beginners: Add These 2 Safe Dividend Stocks as Volatility Rises

Description

Stock market investing appears riskier and riskier, as macroeconomic factors impacting the economy continue to persist. The Russia-Ukraine war has disrupted global oil supplies and supply chains and increased food and fuel prices.

Central banks have been taking steps to control inflationary conditions. Unfortunately, increasing interest rates to tame inflation slows economic growth, leading to recessionary fears. Inflation hit multi-decade highs of 7.7% in May, and economists expect it to go as high as 8% in June's figures once they come out.

The Bank of Canada (BoC) announced an unprecedented 100-basis-point interest rate hike, as it ramped up its efforts to control inflation.

Unfortunately, these factors continue to make the stock market incredibly volatile. However, if you are new to stock market investing and want to add long-term investments to your portfolio, there are a few stocks for beginners you can consider. While the state of the broader economy still impacts these dividend stocks, they are less susceptible to market volatility.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a $29.49 billion market capitalization Canadian utility holdings company that owns and operates several utility businesses across Canada, the U.S., the Caribbean, and Central America.

The company provides electricity and natural gas utility services to around 3.4 million customers across different markets. Most of the company's cash flow comes through highly rate-regulated and long-term, contracted assets.

Fortis generates predictable cash flows that allow it to comfortably fund its capital programs and growing shareholder dividends. Fortis stock is a Canadian Dividend Aristocrat with a 48-year dividend-growth streak.

The company's recent capital investment programs to expand its rate base could see Fortis deliver dividend hikes at a CAGR of 6% in the next few years. Fortis stock trades at $61.76 per share at writing and boasts a 3.47% dividend yield.

BCE

BCE (TSX:BCE)(NYSE:BCE) is a $58.34 billion market capitalization giant in the Canadian telecom space. It is the largest entity in Canada's largely consolidated telecom industry. With each passing year, the demand for telecom services is expected to increase. High-speed internet requirements and the advent of 5G technology could allow the sector to grow significantly in the coming years.

BCE stock is one of the leading 5G and broadband internet providers in Canada. The company plans to expand its 5G service to 80% of the Canadian population by the end of 2022 while adding 900,000 new broadband connections. It already has strong cash flows and could deliver dividend hikes in the coming years.

BCE stock trades for $64.02 per share at writing and a juicy 5.75% dividend yield. It has introduced several dividend hikes over the last 14 years at a CAGR of 5%.

Foolish takeaway

It is important to remember that stock market investing is inherently risky. There are stocks that are less susceptible to uncertainty in the market, but no equity security is immune to macroeconomic factors. When searching for long-term investments, it is important to conduct your due diligence to find high-quality companies known to weather harsh economic environments.

Fortis stock and BCE stock have underlying businesses essential to the economy. No matter how bad things get, people will need their utility services, internet, and telecom services. The cash flows for Fortis stock and BCE stock could be much safer than many other publicly traded companies trading on the TSX.

The two stocks might not offer stellar short-term growth. However, the reliability of the underlying businesses could make them significantly safer investments to add as foundations to your self-directed portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
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Author
adamothman