A Top Stock for Your 2020 TFSA Contribution Watch List

Description

I know it seems far too early to think about what you could invest in with your 2020 TFSA contribution.

There's over a quarter to go before the year ends, and although you'd think it'd make more sense to wait for January to roll around, it may be a good idea to start preparing your watch list early this year because as we inch closer to the Canadian (and American) elections, volatility is bound to prevail and a nasty correction could be in the cards.

As you're experiencing the pain of a market plunge in real-time, it's tempting to want to hold off on buying stocks while "lowering the price bar" on stocks you would have snatched up under any other circumstances.

Unfortunately, this kind of waiting around for negative momentum to subside leads investors to miss out on opportunities to buy the dip entirely, especially in a V-shape rebound like the one we witnessed late last year.

There are many stocks that could get crushed between now and January. Here's a top stock I'd watch as politics overpowers earnings as the primary dictatory of the trajectory of the broader market.

Enter **Spin Master** (TSX:TOY), an innovative mid-cap toy company that's hit the brakes over the past year.

After suffering a nasty 40% peak-to-trough plunge, Spin Master is ripe for buying today after Donald Trump announced that he's delaying tariffs on a basket of Chinese goods that includes toys.

While I have no problem recommending TOY right here, investors may want to consider nibbling away at the stock over time as it continues to treading water with the sluggish economy.

You see, toys are a discretionary spend, and as the global economy recedes, TOY stock could find itself back in the mid-$30s before it bounces like a coiled spring.

Moreover, the most compelling catalysts likely won't kick in until the new year:

First, Toys "R" Us is coming back from the dead, but it'll take some time before the void it left behind in the physical toy market is filled. The return of Toys "R" Us to the U.S. market will see significant renovations and improvements for the better. It'll likely be a slow, albeit careful process that'll benefit the toy industry as a whole over the course of many years.

Second, as Americans get ready to head to the polls late next year, the odds of a U.S.-China trade deal and the ensuing rise in consumer sentiment will also likely increase dramatically, providing much-needed relief to the most battered of consumer discretionaries.

Finally, the revealing of the fourth-quarter earnings, which would include results from the holiday season, could also serve as rocket fuel for a stock that's been in the ditches for far too long.

With all this in mind, TOY is setting up to be one of the timeliest Canadian bets for the new year.

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