Bargain Hunters: 2 Cheap Stocks to Buy After a Market Crash

Description

Market crashes are unavoidable, as it's never far away, especially in the stock market. With the constant news of the coming bear market, you can be like the bargain hunters who make money during a stock market crash. The formula for this successful investment strategy is to buy cheap stocks.

The strategy doesn't mean buying just about any cheap stocks. There is a disciplined approach. You need to determine if the company has a good business that can hold up under stress; even if the share price declines, the chances of recovery are high.

Enduring business

This year marks the 120th anniversary of **High Liner Foods** (TSX:HLF). Although business is not as brisk as it was during its heyday from 2011 to 2015, HLF is a defensive stock that tends to be less susceptible to a market crash. Today, the stock pays a 2.15% dividend.

High Liner is the leading North American processor and marketer of value-added or processed frozen seafood. This $304.8 million company provides a range of frozen seafood products, such as raw fillets, breaded and battered seafood products, as well as seafood entrées.

The products are for sale throughout Canada, the United States, and Mexico under the brand labels High Liner, Fisher Boy, Mirabel, Sea Cuisine, and C. Wirthy & Co. High Liner products are also for sale through distributors to restaurants and other clientele in the food business.

While the stock is up 26% year to date, it has tumbled by 21.7% from $11.66 in mid-September to its current price of $9.13. Bargain hunters can make a killing should the price slide some more. This stock could do well during a recession as households on a budget would shift to frozen food as a cheaper alternative.

Decent mid-cap energy stock

Whitecap (TSX:WCP) is nearing its 52-week low of $3.41, which is creating an excellent buying opportunity for bargain hunters. This $1.6 billion oil and gas company is one of the highest-paying dividend stocks in the energy sector. For $3.84 per share, you'll enjoy a lucrative 9.32% dividend.

As far as analysts are concerned, Whitecap has a definite upside going into 2020. The median price target is $6.77 with a high estimate of $8, or a gain of 108.3%. The recommended buy ratings are based on the company's growth estimates this year (20%) and the next (33.3%).

Whitecap made a turnaround in 2018 after suffering huge losses the previous year. The company is on track to improve the $65 million net income last year by 26.2%. Demand for petroleum and natural gas is not declining. If oil prices rebound in 2020, you can expect the company to generate substantial cash flows.

Maximize returns

When you're buying cheap stocks during a market crash, choose companies with good businesses that can generate profits in an economic downturn. High Liner Foods and Whitecap Resources are such companies.

Since both companies are dividend payers, reinvest the dividends while waiting for the stock to recover. You are bargain hunting because you want to seize the perfect moment to make money when the market is down.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:HLF (High Liner Foods Incorporated)
2. TSX:WCP (Whitecap Resources Inc.)

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Date

2025/07/21
Date Created
2019/11/06
Author
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