Don't Panic! The TSX Stock Market Crash Could Be the Buying Opportunity of a Lifetime!

Description

This past week has been a tough one for the **TSX —** and for markets worldwide. On Monday and Tuesday, the **S&P 500** took two days of steep losses, as concerns about the ongoing coronavirus spread rattled investor sentiment.

Over the course of the two days, the world's most widely followed index slid 6.3%, while the TSX took a more moderate beating.

The losses follow reports that the virus spread is impacting the global economy. It's well documented that coronavirus is disrupting global supply chains, with *Fast Company* reporting that key Chinese factories remain closed over a month after the outbreak began.

Apple has already said that supply chain disruptions will result in weaker-than-expected earnings this quarter, and airline stocks are tanking over concerns about global travel disruption.

While these are all very real concerns, there's reason for optimism. While some stocks will inevitably be affected by ongoing concerns, others remain primed for solid results in the quarter ahead.

Domestic-oriented companies that don't depend heavily on global trade could easily weather this storm unscathed, and all companies will sooner or later get back to business as usual.

Coronavirus fears unlikely to last forever

One important thing to keep in mind is that the current worries over coronavirus will not last forever. Earlier this week, famed investor Warren Buffett advised patience and taking the long view, saying that stocks are now cheaper–and potentially more attractive–as a result of the recent sell-off.

Some money managers took different views, repeating the mantra *"Don't try to catch a falling knife."* Regardless of who's right, it bears repeating: the major concerns of the day (namely coronavirus and, here in Canada, the ongoing rail blockades) won't last forever. Once it's back to business as usual, stocks will inevitably recover.

Positive earnings results from major companies

As evidence that many companies are still thriving in the current market, we can point to **Royal Bank of Canada's** (TSX:RY)(NYSE:RY) recent earnings.

For the first quarter, the bank increased its net income by 11% and diluted EPS by 12% over the prior year quarter. These are solid growth figures for a large Canadian bank — among the best that RY has posted in years, in fact. The bank also increased its dividend by $0.03 on the strength of its solid Q1 results.

Now, you might be thinking *"Sure, Royal Bank can post solid Q1 results, but the previous quarter was before all of the ongoing global public health concerns and the transportation disruption here in Canada, so why does it matter?"*

Not so fast.

Royal Bank's most recent quarter actually had a January 31 end date, so we're seeing results for a period in which many of the present macro concerns were already in full swing.

Additionally, the fact that the bank upped its dividend indicates that it expects at least reasonably solid results in the year ahead. While it's not exactly proof positive that this week's market turmoil will blow over, it's a solid reason for investors to take the long view.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/29
Date Created
2020/02/28
Author
andrewbutton