



Buying the Correction: 2 TSX Stocks to Buy Now for a Market Comeback!

Description

The markets tend to take the stairs on the way up and [the elevator on the way down](#). The trading week ended February 28 was all that was needed to send this healthy market past correction territory, and with four straight days in the red, it's easy to lose one's cool, especially if you've bought the dip on every dip and are finding yourself short on dough.

Nobody knows if we're going to bottom out in March or if we're in the early innings of the big, bad bear market that many smart investors, including Warren Buffett, have been preparing for. As Fools, we're not in the business of timing the markets over the short-term, or trading stocks to make a quick buck. We're all about long-term investing, and as Buffett likes to put it, "buying pieces of businesses" at discounts to their intrinsic value.

The global markets are a falling knife right now, so you should expect to take some near-term pain if you're looking for long-term gain. If you've already got a diversified mix of investments, with defensive holdings to buoy your portfolio, it does make sense to look to some of the more battered names to get a more significant bounce once the markets inevitably bounce back, whether it be next week, next month, next year, or the next three years.

At this juncture, I'm a pretty big fan of [Dollarama \(TSX:DOL\)](#) and [Canada Goose Holdings \(TSX:GOOS\)\(NYSE:GOOS\)](#), two deep-value stocks that can allow investors to get the most in a market comeback that could see a V-shaped bounce off the bottom.

But buyer beware, you're going against the grain at this juncture (1,000-point single-day drops in the Dow may be the norm over the near term) and could knick yourself a good one. So, don't exhaust your cash reserves all at once, and don't expect their stocks to magically rebound after you've hit the buy button! Do expect continued volatility and to be wrong before you're proven right.

Dollarama

Dollarama shares are now down 26% from 52-week highs over company- and industry-specific issues, as well as the sudden panic on Bay and Wall Streets that exacerbated the negative move. Despite the

pressure, Dollarama is still a fundamentally sound company from a longer-term perspective with its newfound growth outlet in Latin America, which could be the answer to the company's slowed growth woes.

It's hard to look past the sluggish comps, rising competition, and the impact of the coronavirus (COVID-19), which could realistically send us into a global recession. But for those who can, Dollarama stock is starting to look ridiculously cheap. Not quite as cheap as the items that Dollarama sells, but the value propositions are similar!

The stock trades at 3.2 times sales, and even if we were to fall into a recession, Dollarama is poised to outperform your average stock given the rising affinity for "inferior goods" that tend to accompany times of economic hardship.

Canada Goose

Canada Goose stock has taken a beating, with shares currently down over 60% from its all-time highs. While it may seem nuts to invest in a hyper-discretionary that's at risk of imploding in a recession, I do think that most of the downsides are already baked into the stock at this juncture.

From a shorter-term perspective, the Goose is going to sell far fewer \$1,000 parkas around the globe, as the global economy grinds to a halt and potentially a recession. That's not because brand equity has decayed, nor is it because of company-specific issues. In fact, CEO Dani Reiss can't seem to do much wrong with the powerful omnichannel presence and increased brand awareness at the international level.

Despite the applaud-worthy moves made by Canada Goose, the company remains at the mercy of exogenous factors. In time, the seemingly insurmountable headwinds will fade, and the Goose will come flying back, possibly higher than it's ever flown before.

At 4.1 times sales and 14.3 times forward earnings, the Goose could prove to be severely undervalued if we're not actually headed into a steep recession.

CATEGORY

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2. TSX:DOL (Dollarama Inc.)
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