1 TSX Stock to Buy in March if You Fear a 2020 Market Crash

Description

With the Fed cutting the interest rate by half a point, and a potential rate cut of our own on the way, the stage is set for a season of heightening uncertainty. The cut caught some pundits by surprise, pushed gold and silver prices higher on Tuesday, and initially stimulated international markets. So, how should investors react, and should Canadians still be buying TSX stocks right now?

While there is inherent risk in buying into a strengthening market, the general investor seeking beaten-up quality assets to contribute to a Tax-Free Savings Account (TFSA) has some solid bargains right now, while the recent retiree or farsighted retirement investor has some strong picks for a Registered Retirement Savings Plan (RRSP).

The case for a contrarian bull is clear at the moment, and with a battlefield of wounded tickers to choose from, there is no reason not to bolster a portfolio with quality names. **Newmont** (TSX:NGT)(NYSE:NEM) stands out as one of the few stocks that beat the bloodbath on the **S&P 500** last week. With gold on the rise, the time is ripe for moving money into safe-haven assets.

As one of the best gold stocks on the TSX, the case for buying this name mid-correction is strong. Newmont's standing as a dividend stock only backs this up. Newmont shares are currently trading hands at an almost 60% discount off their fair value, and with a P/E of 12, it beats the Canadian metals and mining average of 14. That's a lot more bang for your buck and brings with it a dividend yield of 1.2%.

Newmont fits the strategy of buying for long-term dividend growth, making it a hot stock for buy-and-hold investors. Steady upward momentum also means that this name is suitable for an investment strategy based on capital appreciation. Up 51% in the last 12 months, Newmont is a positive juggernaut fed by steep earnings growth and stabilized by key post-merger synergies.

That the company is still actively streamlining is strong signal that Newmont is a contender for a buy-and-hold portfolio. Strategic divestitures make for more liquidity and a stronger balance sheet — two characteristics of a canny management style that add reassurance and reduce risk in a basket of defensive dividend stocks.

With its slender payout ratio of 14.3%, you will also be able to rest easy that those dividend payments are more than adequately covered by Newmont's earnings. That low ratio also leaves lots of room for growth. And speaking of growth potential, Newmont has some of the finest assets among the gold mining sector, with up to seven million ounces of gold production per year.

The bottom line

Newmont stock beat the market correction last week, proving its status as a go-to in times of economic stress. With gold prices rising amid ratcheting uncertainty, Newmont is a strong buy right now. Having managed to beat last week's sell-off, the case for holding Newmont shares in dividend portfolio is growing, with a +1% yield and low payout ratio suggesting a growing source of passive income for years to come.

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