



The TSX Stock Market Just Announced a Huge Discount on Most Stocks

Description

The year 2020 hasn't been benevolent so far. It started amid the fears of a recession or at least a significant market correction. The catastrophic Australian bushfires marred January of this year. Then the coronavirus outbreak caused people around the globe to panic.

Like any significant global event, the coronavirus had its own impact on the global stock market. When it was considered an isolated incident, the Chinese market took the biggest hit. The SSE 50 index (containing the top 50 Chinese companies trading on Shanghai stock exchange) dipped by 11% in January. But by mid-February, the fear of the pandemic had spread globally. This resulted in the S&P 500 and Dow Jones taking a dive by about 13% in the past two weeks.

Like the rest of the stock markets, TSX felt the head wings as well. The market fell massively in the past two weeks. The drop of many of the largest companies on the index was in double digits. And while it's a sad state of affairs and global panic, it doesn't really affect retail investors as much as you might think. On the contrary, it presents an opportunity.

The opportunity

The opportunity is to load up on great stocks and fundamentally good businesses while they are trading at a discount. Like the Oracle of Omaha, Warren Buffett, says: "Be fearful when others are greedy, and greedy when others are fearful." This is one of those situations where this quote fits perfectly.

Many stocks are trading below the fair value because of the fear in the market, making now the time for savvy investors to claim the discounted prize(s).

Two companies that might fit the bill are **Canadian Utilities** ([TSX:CU](#)) and **Telus** ([TSX:T](#))([NYSE:TU](#)).

True dividend royalty

Canadian Utilities is the longest-standing [Dividend Aristocrat](#) on the TSX, with the golden jubilee of growing dividends just three years away. The stock dropped 6.5% when the TSX dipped, which is relatively low. That's mostly thanks to the recession and correction-resistant nature of the utility business. It's precisely the kind of company that people anchor their investment portfolios with.

The stock has already started recovering, but it's still at about a 4.3% dip from its monthly high price. That alone can mean the difference between 11 more stocks, with a \$10,000 investment. Investors who load up on this Dividend Aristocrat when it's on the discount will get a slightly fatter dividend cheque. Currently, the company is offering a juicy yield of 4.35%, and it's trading at \$40.6 per share at the time of writing this.

Telecom giant

Telus is one of the [Big Three telecom giants](#) that are operating in an almost competitor-less environment (except for each other, of course). With the 5G and IoT revolution underway, telecom companies are well positioned to capture a much broader and diverse market. And if that happens, the growth of large telecom operators like Telus might receive a significant boost.

Telus's stock fell by over 12% in the past two weeks. Currently, the company is trading at \$50 per share and offers a juicy yield of 4.79%. Telus is also a decently growing stock. Its five-year CAGR comes out to a steady 7%. As a Dividend Aristocrat, it is likely to keep increasing its dividends as well. The company increased its payouts by a whopping 45% in the past five years alone.

And if you buy at a discount, you will pick up more shares for the same amount of capital, as you would have when buying at a premium.

Foolish takeaway

As retail investors, you might have no sway over the movements of the stock market. What you do have control over, though, is your own investment portfolio. And it might benefit from the current condition of the stock market.

But remember, even if you are planning a buying spree in a discounted market, don't just buy stocks that offer the highest discount. Look for good businesses that have the highest chances of recovery and growth.

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1. Dividend Stocks
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2. TSX:CU (Canadian Utilities Limited)
3. TSX:T (TELUS)

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