Coronavirus Crash: A Top Stock to Buy Amid the Vicious Sell-Off

Description

The coronavirus (COVID-19) crash is shaping up to be the worst market meltdown in recent memory. Okay, the Financial Crisis was scary, but lives weren't on the line, and many new investors are too young to have been invested through the carnage of 2007–08. For many market newcomers, this will be their first bear market, and it's not going to be the last one either.

Panicking is NOT a strategy

The deadly disease has caused a barrage of panic selling. Although a pandemic has been keeping many folks up at night, it's important to remember that panicking never did anyone any good. Not in the markets or almost anything else.

Look to meditation and come back to your portfolio when you're in a calmer state of mind. You need to avoid committing the cardinal sin of selling after the vicious pullback. Like with most event-driven crashes, the decline moves are sharp, but so too could the upside moves be as we witnessed an occasion over the past week. While we may be many more massive down days away from the bottom, it's still a good idea to buy stocks if you've yet to do so already.

After the latest oil-driven slide in the loonie, it's become that much more expensive to trade your dollars for greenbacks. Fortunately, there are plenty of bargains on this side of the border now that the **TSX Index** is in a bear market.

Defence can win championships in the long run!

Consider **Dollarama** (TSX:DOL) stock, a defensive growth stock that's currently down just shy of 30% from its all-time highs. The discount retailer is precisely the type of business you want to own as we fall into a recession. The impact of the fallen loonie is less than desirable, but I believe the belt-tightening of Canadian consumers will more than offset the impact.

The recent oil price war and coronavirus are going to take a profound toll on the economy. As times get tougher, Canadians will need their dollar to go further. They'll slash discretionaries off their budget and look to stores with compelling value propositions as they navigate through tough times.

Unfavourable same-store sales growth (SSSG) and gross margin trends have been under the scrutiny of growth investors of late. The valuation may have contracted, but Dollarama is still very much a growth company. It just ran into a rut over the past few years, and I do think the growth will return as the company expands beyond the confines of Canada.

There's no easy solution to expand upon Dollarama's margins, but in times of economic hardship, one can expect SSSG to bounce back, and that should be good enough to keep the stock afloat while the rest of the market sinks into a sea of red.

That said, Dollarama has its fair share of baggage. But given the bull is dead, I'd gladly hold the baggage for one of Canada's best defensive growth stocks as we enter a doozy of a market.

Stay hungry. Stay Foolish.

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