



Stock Market Crash: Is This Stock a Safe Buy for Canadians Right Now?

Description

The three C's we're looking at today are copper, contrarians and crash. Is there a thesis for buying and holding the red metal during a stock market crash?

Let's explore the options for copper stocks as the bear market finally returns.

Copper is a bellwether for the economy

Effective today, the Bank of Canada just cut the interest rate for the second time this month. It wasn't entirely unexpected, however. Nevertheless, the move shows that Canada is falling in step with the U.S. to combat the impact of the coronavirus on the economy. And now that the U.S. has moved to a near zero interest rate over the weekend, it could go further.

But the stock market crash is more far-reaching than that. The cuts are being made to stop a recession. Will the stimulus work? Here's hoping the rate cuts serve as a catalyst for a market comeback.

Copper is a great bargain buy right now. While it's not rallying, it's not quite sinking much either, down around 1%. Compare that with some other natural resources. Gold is up 2%, silver is up 2%. Oil is down 4.5% and natural gas is down 2.8%, however. So much for commodities.

But as the sell-off deepens, largely untouched by fiscal machinations, gold is likely to rise. Copper could follow as investors catch onto its key role in renewable energy.

The stock market crash is a massive value opportunity

So let's take a look at the contrarian thesis for buying copper stocks at the moment. The economy is [facing mounting headwinds](#). As such, a stock market crash investment in copper might seem foolhardy. But that's the essence of contrarian bullishness.

One of the best **TSX** copper stocks, **Lundin Mining** ([TSX:LUN](#)), was down by 17.4% last week as the bear market awoke with a roar.

However, Lundin notably rallied 16% over the weekend as value investors bought into weakness. This is the kind of boost that moves like Friday's rate cut are designed to stimulate.

As such, the rally shows that investors haven't given up hope yet. Indeed, some pundits are frustrated by the undue panic in the markets at present and are itching to get back into buying stocks.

But why wait? With so many [oversold quality names](#) feeling the TSX downturn, this is a great chance to get in at low, low prices. Let's get back to Lundin. What makes this stock such high quality? There's that dividend yield for one thing, up at 2.75%.

Then there are total expected returns of 25% by 2023 – and that's a conservative estimate. Lundin is the name to be holding when a copper bull awakens.

The bottom line

The whipsaw movements of the stock market crash can be dizzying. However, the coronavirus is not done with the markets yet. Neither is the slump in oil or the potential weakening of consumer demand.

Therefore, value investors may want to wait and buy the dips with copper stocks. When the market does recover – and history tells us that it always does – copper stocks will bounce back with it.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

TICKERS GLOBAL

1. TSX:LUN (Lundin Mining Corporation)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

4. Stocks for Beginners

Date

2025/07/02

Date Created

2020/03/16

Author

vhetherington

default watermark

default watermark