



Forget Toilet Paper: Save Your Money and Buy Stocks

Description

The last few weeks have brought a whirlwind of emotions around the globe. Panicked shoppers have rushed out and hoarded toilet paper and other supplies. At the same time, investors have been panic selling their stocks, causing major declines in share prices.

It seems as though the situation continues to get worse by the day. While this has been true up until now, eventually the world will recover and come back stronger.

Forget toilet paper

Fear of missing out can be a strong emotion, which is why there has been such a rush to buy toilet paper. If you follow the herd mentality, though, you won't be doing yourself any favours.

Plus, the Canadian government and many provincial governments have already confirmed that our food and supply chains are robust, meaning there is no need to rush out and hoard items thinking that they won't be available in the future.

The current market environment has created numerous opportunities for long-term investors. That's especially true when you consider how fast stocks have fallen.

Even the highest-quality companies have been dumped by some investors, leaving Canadians numerous stocks to consider buying.

The uncertainty in markets makes it impossible to predict where stocks will be a week from now or even a month from now. What we do know is that many of these companies' stocks will be much higher over the long term.

That means investors can buy their favourite stocks today and forget about them, knowing that as we weather this economic storm and come out the other side, their capital will be hard at work for them.

Toilet paper stocks

Some of the best companies investors can buy ahead of a recession are consumer staples. Consumer staples consist of businesses that provide consumers with their living essentials.

A perfect example of a [consumer staple](#) would be a grocery store chain such as **Metro** ([TSX:MRU](#)).

Consumer staples are among the best businesses to own in a recession, because consumers still need their living essentials, regardless of their income level.

And while shoppers are more likely to pass up on that new T.V. or vacation during a recession, there are certain items that people can't live without, such as toilet paper.

Metro is one of the top consumer staple companies in Canada. It has more than 900 locations across the country consisting of grocery stores and pharmacies.

The business has had major success the last few years and used it to improve its financial position. The improved financial position has allowed the company to grow its dividend policy. Metro will now aim to pay roughly 30-40% of the previous year's earnings back to shareholders.

At current prices, the dividend now yields roughly 1.7%. In addition, the stock is off more than 10% from its 52-week high, giving investors a great opportunity to buy this recession-proof stock at a discount.

Bottom line

Canadians should forgo stocking up on toilet paper, which has no benefit other than offering peace of mind. Instead, the number one priority for Canadians should be to use this opportunity to buy stocks.

Investing in undervalued stocks today and holding for the long term is a much better use of capital and will give you plenty of peace of mind, knowing your capital is growing and well protected.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:MRU (Metro Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise

5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date

2025/08/25

Date Created

2020/03/17

Author

danieldacosta

default watermark

default watermark