



Market Crash 2020: 3 TSX Stocks to Buy Right Now!

Description

The coronavirus market crash has driven a massive decline across global equity markets. Major indexes such as the **iShares S&P/TSX 60** are down over 30% and investors are sweating as their portfolio value continues to plummet.

Consumer demand will take a substantial hit which means airline, energy and consumer technology companies will experience a drastic fall in revenue at least in the next two quarters.

However, a 30% fall provides an opportunity to buy stocks at attractive valuations. Investors need to identify defensive companies that will continue to generate cash flow in these uncertain times and utility stocks seem a safe bet.

Fortis has outperformed indexes in this market crash

Shares of **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) are trading at \$47.91 and are down 19% below 52-week highs. This decline has increased the stock's forward yield to 4% which is higher than the 3.7% yield for the XIU.

While the market selloff has pummeled stock markets, utility stocks such as Fortis remain largely unaffected. Fortis stock is trading at an attractive forward price to earnings multiple of 18, which is especially attractive given the company's expected sales growth of 7.5% in 2020 and 4.9% in 2021.

This electric and gas utility company is recession-proof as consumers will have to keep the lights on come what may. It earns 99% of revenue from regulated utilities, which will result in a stable stream of revenue and cash flows.

The company was incorporated in 1987 with just \$390 million in assets. It has since grown to serve over three million Canadian customers and now has \$53 billion in assets. Fortis is well diversified and generates 52% of sales from the United States, 38% from Canada and rest from international markets.

A reliable business model

Shares of **Hydro One** ([TSX:H](#)) are trading at \$22.84 at writing, 23% below its 52-week high. The Canadian electricity transmission and distribution service provider generates 100% of sales from Canada. The company transmits [energy from power plants to end-users](#) that include residential homes, industrial factories, and businesses.

Bear markets or recessionary environments do no impact cash flows of electric companies drastically, making Hydro One a solid bet at this stage. The company is one of the largest electrical utility companies in North America and has a considerable scale in Ontario.

The recent decline in stock price has increased Hydro One's forward yield to 4.1%, making it attractive for income investors. The company operates in a stable, transparent and rate regulated environment, which results in a predictable growth profile. Similar to Fortis, around 99% of Hydro One's cash flows are fully regulated.

The company expects to increase earnings of between 4% and 7% between 2019 and 2022, while the average annual dividend growth is estimated at 5%.

A renewable energy giant

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) has crushed market returns over the years. The stock is up 26% in the last year despite a 30% decline in the last month. The company owns renewable energy facilities such as solar, hydro and wind around the world.

BEP sells [power generation to customers](#) with an average contract length generally exceeding a decade. The recent weakness in stock price has increased BEP's forward yield to 4.84%.

BEP ended 2019 with a capacity of 19,000 megawatts of electricity from renewable resources. This production avoids about 27 million tonnes of carbon dioxide emissions on an annual basis.

The company's shareholder letter states, "We are proud that the amount of carbon we avoid is equivalent to removing 6 million vehicles from the road or planting 450 million trees. We highlight this to you now given the focus many organizations are placing on reducing carbon dioxide emissions."

The shift to clean energy is set to transform the world and will continue to attract huge investments. While BEP is expected to increase sales by 16% in 2020 and 9% in 2021, company earnings will rise by 237% in 2020 and 100% in 2021.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)

2. NYSE:FTS (Fortis Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:FTS (Fortis Inc.)
5. TSX:H (Hydro One Limited)

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