



3 Cheap Stocks That the Market Crash Slaughtered

Description

While it is very hard to imagine at the moment, the economic stress that we are beginning to experience will be over at some point. The economic recovery may take longer than our battle with the coronavirus, but someday it will end. In the meantime, it is very important to be ready to buy, or even begin buying, stocks that you would like to own for the long run.

The three stocks in this article have had a frightening ride down, so you will have to have a strong stomach to even look at them at this point. Nevertheless, they are positioned for long-term growth if you have the courage to step in at these levels or lower. Each of these stocks — **Magna International** ([TSX:MGA](#))([NYSE:MGA](#)), **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)), and **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) — have a lot of potential if you are able to step into the chaos.

Cars are being crushed

Magna is also beginning to feel the effects of the crisis. With plants closing down, there is likely to be a negative demand shock for its parts. Combine that fact with the possibility of a long, drawn-out recession, and the outlook is pretty dire in the near term for the company.

The silver lining is, however, that long-term investors may be looking at a great time to get into the stock. It is trading more than 50% below its highs at the moment. Its yield is now nearly 6%. Furthermore, it is trading below its book value. These are all signs that value investors might see as a positive, long-term entry point.

Of course, the possibility of an extended global recession means that there is no rush to get in today. Magna's dividend is quite strong, but this is an exceptional situation. Don't go all-in on this company. Take your time to build a position.

Food for thought

The same holds true for [Nutrien](#), although I would argue that this company might be less affected by the downturn than Magna or Restaurant Brands. This is due to the simple fact that Nutrien provides essential inputs for food production, both in the form of retail locations for farmers as well as

commodities. People need to eat, and this company gives people the means for effective farming.

With its stock price decimated, Nutrien now has a yield of 6%. It is also trading at half of its book value. In my mind, this stock could very well be one of the least affected of the companies in the list, given the fact that farmers will continue to produce and people will still have to eat.

Nevertheless, the shutdown of supply lines and the border closings might make things unpredictable in the short to medium term. For that reason, there is still a risk in the stock both to the share price and the dividend.

Eating out

The stock that will frighten even the most steady investors in the field out of all of these three [would be QSR](#). The stock has fallen about 60% from its all-time highs and is now facing a bit of a crisis, as it attempts to navigate both the virus and the upcoming recession. There is no doubt that its earnings will be impacted, but this company should be a solid long-term hold.

It does have the benefit, after all, of being the owner of several quick-service restaurant chains. In a recession, these stores may fare better than higher-quality restaurants. The yield is now north of 5% as well, making this an intriguing buy. The biggest factor facing the company and the sustainability of its yield is its debt and whether that debt can be serviced while maintaining the dividend should the recession persist for a long period of time.

The bottom line

I have not yet begun to enter these positions, but I am waiting for the chaos to subside before I start to step in heavily. Uncertainty towards the economy is still high, and I am expecting a recession. That means that there should be time to begin acquiring a position. You most likely do not have to buy the entire position today.

It might be a good idea, though, to begin building a position in the stocks. I would not buy enough to seriously hurt your portfolio since the probability of an upcoming recession is very high. I am also not completely secure in their dividends right now, as everything is up in the air. This might be one of the greatest buying opportunities in these names for the next several decades. Please, though, proceed with caution.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:NTR (Nutrien)
3. NYSE:QSR (Restaurant Brands International Inc.)
4. TSX:MG (Magna International Inc.)
5. TSX:NTR (Nutrien)

6. TSX:QSR (Restaurant Brands International Inc.)

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