If the Stock Market Crash Continues, Buy These 2 Cheap Stocks

Description

Last Monday, the fears became a reality, and the market finally experienced a crash. The coronavirus outbreak and the panic it created, along with the Saudi Arabia's surprising decision to slash crude oil prices, acted as a double whammy for stock markets everywhere, including Canada.

Right now, one can't predict when and where this downward spiral is going to stop. Assuming that the ongoing bearish trend stretches for some time, it could be a good opportunity for investors to find refuge in some cheap stocks.

When you invest in an *already* cheap stock, you automatically stave off the chances of huge drops. Also, a cheap stock that stands on a reliable business operation offers a long-term opportunity for growth.

Here, I am going to suggest these two stocks that might help you make the most of the crash.

Chesswood Group Ltd

Chesswood Group Ltd (TSX:CHW) provides financial services, including leasing, to small and medium-sized businesses in both the US and Canada. The stock trades cheaply because investors are still not sure how the company is going to deal with its loan book.

However, the numbers Chesswood Group is registering indicate that it could be an excellent cheap stock buy for the long term, especially if the market continues to plunge lower. For starters, the stock has experienced over 15% growth in the last five years. With its low stock price, Chesswood Group is paying its investors a yield of 9.55%.

The moderate price-to-earnings ratio of 7.9 times for the next 12 months also indicates that the stock may not undergo individual market correction this year. The earnings per share dropped last year, but the forecast suggests that it could increase by 26.4% from 2019's figures.

The most significant indicator of Chesswood Group's stable growth and operations is its return on equity figures. The company has been steadily earning 15% ROE. If Chesswood manages to maintain its ROE profile, it could deal with its loan book.

Plaza Retail REIT

Plaza Retail REIT (TSX:PLZ.UN) is another cheap stock to buy if the market continues to sink. When the market crashed last Monday, the stock price of Plaza Retail REIT dropped only 0.24 cents. And interestingly, it has already started recovering from that dip.

This REIT has its business footprint across the eastern territory of the country with over 250 properties. This vast number of properties has helped Plaza Retail to register both good stock growth and pay healthy returns to its investors.

It has witnessed a 10.50% stock growth in the last year. Meanwhile, its payout stands at a yield of 6.17%. The trailing and forward P/E ratios also suggest that the stock can be a good option for long-term investment in a bearish market. There is a three multiple difference between P/E ratios, pointing toward a stable market outlook of the stock.

Conclusion

The ongoing market crash can continue to haunt investors given the uncertainty surrounding the coronavirus outbreak, its cure, and also dwindling oil prices. In these uncertain and bearish times, it is better to remain cautious and invest in cheap stocks of companies with dependable business operations.

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