Canadians: Why This Market Crash Could Make or Break Your Investing Success

Description

Market crashes or corrections are a regular occurrence in stock markets, similar to how recessions are normal to the functioning of healthy economies.

Naturally, after a handful of years of positive growth, the economy and markets must correct themselves. This usually happens naturally but can sometimes be caused by a black swan event like we are currently seeing.

Current market crash

This time around, however, things are different, as the market is crashing at a much faster pace. In addition, the economy is facing a major shock. It is unprecedented that so many businesses have shut their doors and stop operating all at once.

What's even more worrisome is that nobody has a good idea of how long this will last.

No matter what, though, regardless of how bad it will get, eventually we will get over this.

Traditionally, these pullbacks in stock markets happen, on average, once a decade. And for long-term investors, they present the most opportune time to buy stocks.

Because these market crashes don't happen very often, however, investors need to optimize their investments when they have the chance. That will be crucial for their long-term investing success.

It's also important not to do anything drastic, like sell your high-quality stocks at these low levels due to panic. Fear is a strong emotion, but selling stocks now is almost the worst thing you can do. Instead, invest funds in high-quality businesses while they are this undervalued.

For example, you could go for a stock like **Hydro One** right now. Hydro One is a utility that has stable cash flows. Investors like this about Hydro One, which is why the stock has held up better than a lot of others. Investors are betting that Hydro One will be one of the top-performing stocks over the near term, while uncertainty still exists.

However, instead of buying a company like Hydro One, which may outperform in the short term, investors should use this opportunity to buy a high-quality company like **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) while it's trading this cheap.

Market crash opportunity

Market crashes always present the best opportunity to buy stocks, and with Shaw, it's no different. The stock is down more than 30% from its 52-week highs and now has a dividend yield of more than 6.1% as of Thursday's close.

This is incredible value for a company that operates in such an important industry in our economy. Additionally, Shaw is a great stock to own for the long term due to its growth prospects.

The company has been taking on the Big Three telecoms, trying to capture more market share in the mobile network segment.

Its purchase of Wind Mobile and subsequent re-branding to Freedom Mobile was just the first step. Shaw has also built out a tonne of infrastructure. In addition, it has been offering high-value contracts to customers in a bid to grow its subscribers.

Besides its growth in the mobile segment, Shaw was already a great stock and a reliable company to own.

Its dividend yields more than 6.1% and has a payout ratio that's less than 90%, giving Shaw some wiggle room in case of more unforeseen headwinds.

After its decline due to this market crash, at its current price and with its long-term prospects, Shaw is one of the most appealing stocks on the TSX today.

Bottom line

A utility like Hydro One may outperform Shaw in the near term, when investors favour utilities and stocks with more predictable cash flow. But over the long term, investors who buy Shaw during this market crash won't be disappointed, as the stock should outperform for years.

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