Market Crash 2020: 2 Stocks to Buy Now

Description

This year's market crash has clearly been a drain on many industries. The **S&P/TSX Composite** fell 33% from all-time highs during 2020 as of writing. While there are some analysts that believe Canada may not even see a true recession, who really knows what the rest of 2020 has to offer?

That's why looking into Canadian banks could be the way to go.

There are ways to prepare, whether the markets go up or down. That's by investing right now in solid stocks that you can be almost 100% certain will bounce back as quickly as they fell down.

In this case, it's a great option to look into bank stocks during a market crash. I know, analysts are predicting a rough path ahead for banks, but there is one thing to consider. In 2008, during the Great Recession, Canadian banks were some of the first banks in the world to get out of the recession.

That means buying up Canadian bank stocks that have already gone through an economic downturn is a great way to protect your portfolio.

Right now, of course, is a great chance to buy, now that prices are so low. If you're going to take that route, then here are two perfect options.

TD Bank

The **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is Canada's second-largest bank by market capitalization, and has been in expansion mode over the last few years. The bank is now one of the U.S.'s top 10 banks, and it's only getting started. TD has set up around the east coast of the country, so has much more expansion opportunity left, especially during a market crash. On top of this, TD has been expanding into the wealth and commercial management sectors, two highly lucrative industries that should also see major cash come in for the company.

Now as an investor looking for stocks to purchase during a market crash, there's one thing you should really be looking for: dividends. TD has them, with a reliable history of dividend growth that's lasted over 150 years. So even if the stock price continues down, you'll be bringing in cash from its 5.85% dividend.

This stock price doesn't get much better, with TD offering investors a $54 share price at the time of writing, a 29% decrease from its pre-crash price back in February.

Royal Bank

The other sure winner during this market crash has to be **Royal Bank of Canada** (TSX:RY)(NYSE:RY). Royal Bank is Canada's largest bank by market capitalization, hitting all the same points as TD, but with one difference: it's done the heavy lifting.

Whereas TD is in the growth stage, Royal Bank has already expanded into the wealth and commercial management sectors, and has already set up quite a lot of storefronts across the United States. That means it's free to expand into other lucrative areas of growth, which it has been doing by looking into emerging markets for its portfolio.

The company also offers a dividend for investors at 5.4% as of writing, with a discounted stock price of about $81.50, down 25% from all-time highs back in February.

Bottom line

Both TD and Royal Bank are trading well below fair value during this market crash. If you put $5,000 into each stock today with the expectation that these banks could reach fair value by 2021, you could turn that $10,000 into $15,132, and collect about $560 each year.

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