



Market Crash: How TFSA Investors Can Turn \$10,000 Into \$200,000 in 20 Years

Description

The planet's most successful investors are looking at the recent [market crash](#) with excitement.

Why?

They know top companies with great businesses are trading at very attractive valuations. In some cases, investing pros say this could be the buying opportunity of a lifetime.

Market crash background

The stock market crash that has occurred in the past month is certainly one for the record books.

The **TSX Index** is down from a high near 18,000 to a current value close to 11,850. That's a 34% plunge in a very short time. The carnage is widespread with the energy sector taking the heaviest hit. Canada's leading oil and gas producers are down 65-70% from their January highs.

Canadian bank stocks are down 25-40% in the past four weeks. Pipeline stocks, utilities, and telecoms are also getting hammered. Even gold, which is often viewed as safe-haven asset, is down 10% from the 2020 peak.

The coronavirus outbreak is largely to blame for the recent turmoil. Now that the virus is spreading extensively beyond China, investors worry the economic impact will be dire.

Canada just saw unemployment insurance applications spike by 500,000. The recent layoffs are primarily due to the shutdown of businesses in the tourism and service sectors. As lockdown orders expand across the country, additional job losses are expected.

The Canadian government announced \$82 billion in aid to help people and businesses pay rent and cover expenses during the hard times. Bailouts for airlines and the energy sector are probably on the way. The global airline industry is effectively shutting down as countries ban foreign visitors. Regarding oil, the price of Western Canadian Select oil is at a record low near US\$5 per barrel, and WTI oil is

down to US\$24 from US\$63 in January.

Opportunity

The coming weeks or even months will be challenging. Volatility should be expected in the stock markets, and the TSX Index might see additional downside. However, top businesses that are industry leaders and serve as key enablers of the Canadian and U.S. economies will eventually recover.

These stocks tend to be reliable payers of growing dividends and can generate profits during difficult times. Let's take a look at one top Canadian stock that might be an interesting pick for a buy-and-hold TFSA portfolio.

CN

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is the only rail carrier in Canada and the United States that has routes connecting three coasts. This is an important advantage that won't change anytime soon.

The company transports everything from cars, crude oil, and coal to forestry products, grain, fertilizer, and finished goods. A steep decline in economic activity will put pressure on demand for CN's services, but the downturn should be short-lived.

China's coronavirus outbreak appears to have peaked and reports indicate the country is slowly getting back to work. Closer to home, the United States has yet to see the worst of its outbreak. The American government is working on a relief package that could top \$2 trillion. Canada is expected to announce additional stimulus measures. Europe will follow the same path to get economic activity rolling again once the coronavirus outbreak is under control.

The result could be a strong economic surge. If that happens, equity markets might regain their losses more quickly than many people expect.

CN generates solid free cash flow and has a great track record of [dividend](#) growth. The stock currently trades at \$99 per share compared to \$127 in February. History suggests that buying the stock during a market crash will produce solid returns in the long run.

A \$10,000 investment in CN 20 years ago would be worth more than \$200,000 today. The same amount invested in CN in March 2009, at the peak of the last financial crisis, would be worth \$60,000.

The bottom line

It takes courage to buy top stocks during a market crash, but the rewards can be substantial.

CN is one top Canadian dividend stock that appears oversold right now. A number of other top TSX Index stocks deserve to be on your TFSA radar today.

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Date

2025/08/19

Date Created

2020/03/23

Author

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