



## TSX Stock Market Blood Bath: Biggest 1-Day TSX Drop Since 1940

### Description

The [bloodletting](#) on Thursday, March 12, 2020, at the **Toronto Stock Exchange** (TSX) was unprecedented. Because fears of the Covid-19 pandemic continue to grip global markets, the TSX fell by 12.34% to 12,508.50. The sharp drop was the biggest one-day decline of Canada's main stock market since 1940.

On February 20, 2020, the index was at 17,944.10. Counting 15 days since, it has shed 30.29%. A [panic attack](#) is consuming the market. On the following trading day, however, the TSX notched its biggest gain since October 2008. The index climbed 9.65% to close at 13,716.30.

### Impermanent meltdown

Investment managers are saying the meltdown people are seeing will eventually come to an end. Stock markets can't continue declining the way they are currently sliding. Otherwise, the TSX and other indexes would be below zero.

In response to the impact of the coronavirus outbreak, the Bank of Canada cut the overnight rate by 50 basis points. The government also earmarked \$10 billion in credit support to businesses.

### Responsive advice

The advice to investors owning high-quality stocks like **Canadian National Railway** ([TSX: CNR](#))([NYSE:CNI](#)) is to hold on to their shares. This \$72 billion company operating in the rail and related transportation business is the backbone of Canada's economy. It transports over \$250 billion worth of goods yearly to various sectors.

CNR is not exempt from the market sell-off. The year-to-date loss, as of this writing, is 13.32%. But given the importance of rail networks, the company should hold up during bad times. The stock will recover over time, while dividend payouts would continue. CNR currently yields 2.4%, with a payout ratio of 36.88%.

The 20,000-mile rail network of CNR stretches from Canada to mid-America and connects to the Atlantic Coast, the Pacific Coast, and the Gulf of Mexico. CNR derives freight revenue from seven diverse commodity groups. Its portfolio is balanced as no one commodity group accounts for more than 23% of total revenue.

Likewise, CNR's service offering is intermodal. The company is helping to prevent work and delivery disruptions by providing long-haul truck drivers to fill the current shortage. CNR also follows the safety directives from the World Health Organization (WHO) and the federal authorities in the U.S. and Canada.

## Hedge funds in CNR

Many hedge funds are bullish on Canadian National Railway. Among them is the Bill and Melinda Gates Foundation Trust in the United States. As of February 14, 2020, 7.25% of the fund's \$21.3 billion total portfolio value is invested in CNR.

The coronavirus outbreak and the plummeting oil prices form a perfect brew of fear. Thus, when the market is in a panic state, investors should focus on quality investments more than ever.

Freight railroad companies in North America, including CNR, are adjusting working conditions and preparing for an upsurge in volumes once the outbreak subsides.

## A different recession

The "social distancing recession" is something new, although the blow to global economies is hard. Fortunately, you have a solid investment choice in CNR. It has a great diversified business and fairly efficient operations. When things return to normalcy, expect the stock to rally quickly.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

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