Stock Market Crash 2020: What to Buy Right Now

Description

The coronavirus (COVID-19) blindsided many investors as it paved the way for the stock market crash 2020, killing the bull shortly after its 11th birthday.

At first, many thought the virus would be contained in China. But when the virus spread across the entire globe, causing a new wave of exponential spread, the stock market crumbled like a paper bag, bringing down safe-haven assets with it. There was a rush for cash, and not even bonds, gold, or REITs (traditionally safe alternative assets) were safe to hide in.

Stock market crash 2020: never exhaust your cash reserves because liquidity could dry up again!

Many of the folks who were 100% equities got into trouble when liquidity dried up across the board. So, it's always advisable to always have an emergency fund, so you don't have to decide between paying your rent for the month and hanging onto your holdings before a rebound.

Don't give yourself an opportunity to sell at a loss. If you do, you could miss out on the 20% three-day rally like the one we had last week. While the sudden surge may prove to be a pronounced dead cat's bounce, the waters are relatively safe to get back in if you're like Warren Buffett and have a hoard of cash sitting around.

The US$2 trillion stimulus package could mark the bottom of the stock market crash of 2020, but of course, only time will tell, as the coronavirus continues its rapid spread across the world.

In any case, investors should look to blue-chip dividend stocks if they're cautiously optimistic and don't want to lose their shirt if it turns out we're nowhere close to hitting a market bottom.

Stock market crash 2020: Cheap dividend stocks are a great way to dip your toe into the rough market waters

Consider stocks with a large margin of safety and safe dividends that can pay you a handsome amount while you wait for the stock market to recover. The Big Six like **Royal Bank of Canada** (TSX:RY)(NYSE:RY) may be among the best of bargains to consider at this juncture.

Royal Bank currently sports a 5% yield, which, while smaller than some of its more battered peers is still rich given the strength and resilience that the bank exhibited amid the Canadian credit downturn.

Royal Bank also was one of the first Canadian banks to come roaring back after the Financial Crisis hit, and as the coronavirus crisis inevitably falls into the rear-view mirror, Royal Bank will be one of the first Canadian stocks to make a return to its all-time highs.

Royal Bank of Canada: A king among banks

As far as ROE is concerned, Royal Bank is considered royalty. The bank's capital markets and wealth management businesses were firing on all cylinders for the first quarter. And with impressive volume growth in the Canadian banking business, it's clear that Royal Bank remains a king among Canada's banking scene even with the seemingly overwhelming macro headwinds.

Despite the bank's continued outperformance relative to its peers group, it won't be immune from the devastating impact of the coronavirus. Management cited it had limited exposure to impacted regions, but in the end, the looming global economic recession will stand to major drag results for the year.

In any case, a new bull will eventually come charging out of the gate and Royal Bank will likely lead the upward charge. I'd buy Royal Bank while it's down over 21%.

While you could grab a steeper bargain with most other stocks out there, I'd argue that buying Royal Bank today is akin to picking up loose quarters that have been dropped in a safe zone and not loonies that are sitting before a steamroller!

Stay hungry. Stay Foolish.

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