# Top 3 TSX Stocks to Buy in April if the Market Crash Extends

### Description

Although the **TSX Composite Index** has shown a solid recovery in the last few trading sessions, markets might turn weak again when the Q1 earnings season begins. Here, I have brought three top **TSX** stocks that could offer strong long-term gains.



These stocks might exhibit further downward pressure in April, especially due to poor quarterly numbers. Thus, it would be prudent for investors to enter in a staggered fashion in order to average out on the weakness.

## Canadian Pacific Railway

Shares of **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) have fallen 15% since last month, which is relatively better than the broader markets. The weakness is apparent as the global supply chain has come to a halt, and uncertainty still abounds on when things will be normal again.

However, the rail freight operator Canadian Pacific looks like a solid long-term pick because of its extensive network and a large scale; it has the shortest and fastest routes in some of the important paths across Canada and the U.S. Once the lockdowns are released and trade activities gather momentum, CP stock could make it for lost time.

Its peer **Canadian National Railway** also has a unique network that serves as the backbone for the North American trade. However, Canadian Pacific stock currently looks more attractive in terms of valuation.

CP stock is trading at a forward price-to-earnings multiple of 17 times, while Canadian National is trading close to 20 times. Both are strong names in an oligopolistic market, but as per the valuation, Canadian Pacific stock might exhibit a faster and stronger recovery going forward.

## Loblaw

Grocery retailer **Loblaw** (TSX:L) has been comparatively strong amid this market crash driven by the virus outbreak. What makes Loblaw stand tall among peers is its wide presence across Canada. It has over 2,500 stores in the country and also offers healthcare essentials to Canadians through its Shoppers Drug Mart stores.

Whether we are in an economic shock or in lockdown, we need groceries, medical supplies, and other essentials. The defensive stocks such as Loblaw generally perform well through recessions as well. Thus, it could be an effective hedge against a probable economic downturn.

Loblaw stock currently yields approximately 2%, lower than the equities at large. However, it has consistently paid dividends to shareholders in the last several years. In the last five years, it managed to increase dividends by 5% compounded annually.

Loblaw is a classic defensive stock with enormous growth potential over the long term. Also, the stock will likely remain stable, even amid challenging times, thereby protecting the portfolio from significant capital erosion.

## AltaGas

Top regulated and midstream company **AltaGas** (TSX:ALA) offers a handsome 8% dividend yield at the moment.



It possesses a solid combination of natural gas transportation and distribution operations. Also, its higher exposure to regulated utility operations makes its earnings as well as dividends comparatively stable.

While AltaGas stock has fallen almost 50% since last month, it looks attractive from the valuation standpoint.

Another positive aspect for investors in AltaGas is its improving balance sheet. The utilities sector is an asset-heavy business and utility companies therefore carry large debts on their books.

AltaGas has been selling its less efficient assets to pay back its debt for the last few years. The company’s improving balance sheet will likely facilitate future credit access at relatively better terms, boding well for the future.

AltaGas’s stable earnings and dividends, along with strong growth potential, make it a solid investment bet for long term investors.

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**TICKERS GLOBAL**

1. NYSE:CP (Canadian Pacific Railway)

2. TSX:ALA (AltaGas Ltd.)
3. TSX:CP (Canadian Pacific Railway)
4. TSX:L (Loblaw Companies Limited)

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