



Got \$1,000? 3 Top Stocks to Buy

Description

We knew it was coming, but it still didn't make things any easier. For about a year, analysts have been warning investors that a market crash was on the way — and that even top stocks would drop significantly in the near future. Yet even analysts couldn't predict something like the coronavirus taking a hit on stocks.

Since the end of February, top stocks have plummeted. The **S&P/TSX Composite** alone has dropped about 30% as of writing. But also as of writing, the TSX has climbed back up about 12% from its lowest point this year, which means time could be running out to get a deal on some top stocks. So if you have \$1,000 to spend, I would highly consider some of these top stocks.

Air Canada

It's a difficult time for the airline industry right now, there's no doubt about it. Airplanes around the world are being grounded as travel is limited due to the coronavirus outbreak. Yet top stocks like **Air Canada** ([TSX:AC](#))(TSX.AC.B) is likely to [soar back up](#) after the outbreak is over.

This is because Air Canada is in the midst of some serious expansion. The company is already Canada's number one airline service and is now looking to expand in a number of ways. While it might produce a loss because of the pandemic, in the long run, this stock is a solid buy.

The company has dropped its costs significantly since it transformed its program back in 2009, and has taken steps to optimize and invest in cost-effective measures.

Now that it has cash on hand, the company is making acquisitions, and working on its low-cost carrier Rouge to bring in every kind of customer. That includes its most recent intention to **Transat**, which should close during the second quarter of 2020.

With Air Canada now had half of its fair value and so many cost saving measures already in place, the stock should rise again in no time.

TC Energy

Another one of the top stocks to consider is **TC Energy Corp.** ([TSX:TRP](#))([NYSE:TRP](#)). This company has managed to remain relatively strong even during this oil and gas crisis and market crash.

Sure, the stock has dropped, but only by about 25% compared to the TSX's 30%. You can also compare that to its peers that have dropped between 35% and 65%!

Similar to Air Canada, TC Energy has a strong future ahead, which is why it hasn't dropped as much as its peers that are struggling in this market. The company has \$38 billion in secured growth projects, one of which is Keystone XL pipeline.

This pipeline expansion is sorely needed to end the oil glut and bring Canadian oil prices back from the brink, so analysts are pretty optimistic on TC Energy right now.

As well, TC Energy has a long-term contracts that should keep cash coming in while we wait for 2022 and the pipeline to be complete. This will keep its 5.57% dividend yield strong, which should also mean investors can expect those 8% to 10% increases over the next several years.

Royal Bank

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is Canada's [top banking stock](#) for a reason. While its peers are still in expansion mode, the bank has already been collecting cash for its investors that will help them get through today's market crash. When it comes to solid top stocks, it doesn't get much better than Royal Bank.

The company has already gone through its expansion into the United States and is now setting up shop in a number of countries in the Caribbean. Its strong banking business at home continues to bring in 30% of its equity, and analysts believe that this should continue for the foreseeable future.

As well, Royal Bank has had huge success in the wealth and commercial management sectors, which have proven highly lucrative.

So while top stocks like Royal Bank might fall in the short term, especially with a housing crisis, it still trades far below fair value of \$111, which leaves today's 26% a great buy.

Bottom line

If you were to put \$1,000 toward any of these stocks at today's prices, here's how it shakes out if these top stocks get back to fair value.

Air Canada: \$1,890

TC Energy: \$1,173

Royal Bank: \$1,332

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1. Bank Stocks
2. Coronavirus
3. Energy Stocks
4. Investing
5. Tech Stocks
6. Top TSX Stocks

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1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TRP (Tc Energy)
3. TSX:AC (Air Canada)
4. TSX:RY (Royal Bank of Canada)
5. TSX:TRP (TC Energy Corporation)

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