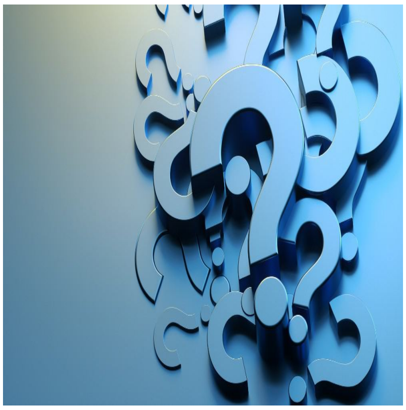

Should You Buy Stocks Now or Wait for a Bigger Drop?

Description

I'm sure you are already well aware of the situation, but the stock markets are in shambles right now. The COVID-19 pandemic is wreaking havoc in markets around the world. While it might not be the best of times for the economy, I would like to remind you that a market crash like this can be the perfect opportunity to buy stocks of high-quality companies at a bargain.

The short-term outlook seems quite weak right now. The markets are significantly down right now. The only question is, is it the right time to buy stocks or wait for a bigger drop?

I feel that it could be the right time to buy shares of high-quality companies trading on the **TSX**.

To that end, today I'm going to discuss the **Royal Bank of Canada** (TSX:RY)(NYSE:RY) stock and **Manulife Financial** (TSX:MFC)(NYSE:MFC) stock.

Royal Bank

The most significant bank in Canada is trading at a bargain price right now due to the coronavirus- and oil price crash-fueled market crash. There has not been a better opportunity to add what is arguably the most well-run bank in the country to your portfolio.

RBC dominates all of the significant banking operations in Canada. Apart from having the largest market shares in Canada, it also has substantial operations in the United States and the Caribbean.

More Canadians bank with RBC than any other bank in the country. It has robust mortgage growth, phenomenal insurance operations, and excellent results from its wealth management products.

RBC could be a fantastic buy because it is trading for just $84.80 at writing. The stock is down by more than 22% from its February 2020 peak. After years of trading at a high price-to-earnings ratio, the stock finally seems like it is trading at its fair valuation.

As the stimulus package from the government starts to work, it might be too late to buy the RBC stock if you wait any longer.

Manulife Financial

The discount on the Manulife Financial share prices right now is another fantastic opportunity for investors who want to get in on the company for a bargain. It is one of the stocks that I feel could be trading for well below its fair value due to the market crash.

The short-term outlook for Manulife is not the best. The coronavirus-related expenses for the insurance provider will adversely affect the company. It will need to elevate its life insurance payouts.

A sizeable portion of its clients will use their workplace benefits over the next few months. Manulife's operations in Asian markets make a substantial part of its business.

With Asia being one of the worst affected regions, MFC's largest growth driver might entail worrying results for the company. Overall, however, I think Manulife can be a fantastic buy. Manulife earned $2.78 per share in 2019. At writing, the stock is trading for $17.00 per share at writing.

The stock is down by more than 35% from its 52-week high, but it is above 30% from its 52-week low as the TSX shows some signs of life. There might not be a better time to buy the stock once the markets begin to recover.

Foolish takeaway

The government is taking considerable steps to mitigate the spread of the COVID-19 pandemic and stimulate the economy in these challenging times.

While I can't say for sure that the markets will crash further, I can tell you that there has never been a better bargain for high-quality stocks like RBC and MFC.

Consider buying up shares of companies like Manulife Financial and Royal Bank of Canada before the market recovers and share prices go up.

CATEGORY

1. Bank Stocks
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Date
2025/08/18
Date Created
2020/04/01
Author
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