Market Crash 2020: 2 Crazy-Cheap Blue-Chip Stocks!

Description

While the stock market has slowly climbed back this past week, it's still largely down across the board. The market crashed into a bear market recently, with uncertainty and fear driving the decline.

For investors, it doesn't sound like a great idea intuitively to invest in a bear market. The logic is that if the markets are getting beat up consistently, putting money into the market simply can't be prudent.

Now, that sentiment might be true for someone looking at the market on a week-to-week or even month-to-month basis. However, long-term investors should understand that quality blue-chip stocks are simply on sale right now.

That's because we've seen all throughout history that for every market crash, there's always a recovery. Blue-chip stocks with healthy underlying businesses especially tend to recover quite nicely.

Today, we'll take a two top blue-chip stocks on the TSX that are very cheap with the recent market crash.

RBC

Royal Bank of Canada (TSX:RY)(NYSE:RY) is a major Canadian bank, and the largest by market cap. It carries an industry-leading return on equity of 16.04%, and that together with its healthy cash flow makes RBC solid and stable.

The market crash has dragged RBC's stock down to $83.96, which represents a 5.16% yield. It was trading as high as $109.21 as recently as February 21.

Consider that even at these deflated prices, RBC's stock price is still nearly triple its lowest price during the 2008 crisis. That fact should still instil confidence in RBC's tenacity and ability to recover.

When examining the yield of 5.16%, it's vital to keep in mind the five-year average yield of this stock is 3.8%. So, investors buying shares of RBC now can lock in a well-above-average yield to line their pockets.

If you're worried about the sustainability of RBC's yield, remember that it didn't even reduce its dividend during the financial crisis. Plus, RBC has been healthier than expected as of late, as it beat its last earnings estimate by 6%.

There are certainly some challenges ahead, but RBC is well equipped to deal with economic hardship and continue growing in the future on the other side of this market crash.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is another major blue-chip stock on the TSX. It's a large utility service company that operates mainly in the U.S. and Canada.

The company focuses mainly on the transmission of electricity and gas across the U.S. and Canada.

The main reason Fortis has such stable cash flow is that practically all of its earnings are derived from regulated services. This means it has consistent sources of operations and income with little risk.

Like RBC, Fortis is a superstar in the Canadian dividend world. It has a phenomenal track record for offering increasing dividends to its investors.

As of writing, Fortis has a dividend yield of 3.73%, which is slightly higher than its five-year average yield.

While there's global uncertainty ahead, Fortis provides essential services to its customers and is in a position to continue posting solid earnings through tough times.

Market crash strategy

Buying cheap blue-chip stocks is a great way for long-term investors to profit from a market crash. Today, RBC and Fortis are both trading cheap relative to their earnings potential and dividend payments.

By buying stocks like these two, investors can not only secure attractive dividend income but also ride the upside in share price as the market recovers.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RY (Royal Bank of Canada)

3. TSX:FTS (Fortis Inc.)
4. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Coronavirus
3. Energy Stocks
4. Investing

Date
2025/07/05
Date Created
2020/04/03
Author
jagseguin