Market Drop: 2 No-Brainer TSX Buys

Description

The coronavirus pandemic has entirely changed the landscape in global stock markets. Where we were speculating the possibility of a market crash in 2020, it finally happened in the most unexpected ways. The coronavirus bear market began toward the end of February 2020 — and we are into April 2020 with no signs of respite.

Investors are worried, and rightfully so. Shareholders of airline and hotel stocks are looking at their assets sink due to colossal decline in revenue due to forced closures.

On the other hand, seem businesses to have a position that can help them make the most of the bear market. Businesses that offer their clients essential services can't close down due to the pandemic. Some of those businesses might even experience growth in revenue.

For now, I'm going to discuss two businesses that have a chance to get shareholders through the crisis without significant losses.

Fortified utility operator

Fortis Inc. (TSX:FTS)(NYSE:FTS) has to be the most obvious option to consider in times of any recession. It is one of the most significant utility sector companies in Canada. It enjoys recession-resistance like most other companies in the industries. Fortis has a low-income elasticity of demand, high barriers to entry, and stable revenues.

Fortis, however, has a few tricks up its sleeve that helps it start apart from the competition. It boasts assets spread across Canada, the U.S., and the Caribbean.

It also has one of the longest dividend growth streaks among publicly traded companies in Canada. No other energy sector company on the **TSX** comes close to its 46-year dividend growth streak or geographical diversity.

These features make Fortis one of the most reliable stocks to consider during a bear market. Fortis is a stock I generally recommend in any market situation, but it is a vital asset to consider during a recession.

Largest railway company

Canadian National Railway (TSX:CNR)(NYSE:CNI) is the largest railway company in the country. It plays a critical role in the Canadian economy with its contribution of shipping more than $250 billion in goods each year.

While it's a cornerstone for the Canadian economy, the company did hit a snag this year, and the short-term outlook might not be bright.

The company struggled with rail blockades earlier this year and had to close down services for several areas in the country. While there's a chance that the next income report it releases will be disappointing, it's not unexpected.

One takeaway from the disappointing earnings is that they have nothing to do with the pandemic. The rail blockades that affected CN's operations ended a while ago, and the company has been performing well since overcoming the problems.

Some of the most critical goods like timber, grain, and coal are still in significant demand despite the COVID-19 pandemic.

The goods it transports throughout the country supply vital businesses throughout the country that have to remain open during the crisis. While the first-quarter earnings report this year might disappoint, we can expect an upswing in its Q2 2020 earnings report despite COVID-19 ravaging the economy.

Foolish takeaway

With no end in sight for the COVID-19 outbreak, investors must make money moves that preserve their capital. Canadian National Railway and Fortis are two companies you can consider to this end.

Nobody can predict when the markets will recover, and so it would be wise to park your capital in recession-resistant assets while you wait.

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