Market Crash: 2 Discounted Blue-Chip Stocks!

Description

Recently, the stock market endured a market crash and stocks fell drastically. This past week, stocks have generally been trading slightly up, albeit are still largely down from even a month ago.

For the Foolish investor with a long-term outlook, now is the time to pick up cheap shares of blue-chip stocks. Buying at these deeply discounted prices is a profitable opportunity in the long run.

However, not every stock is simply "cheap" due to the crash — some have material underlying concerns. So, it's important for investors to decipher between stocks that are truly discounted and those that might not be fully healthy after all.

Today, we'll take a look at two blue-chip **TSX** stocks that have been dragged down in the market crash. Then we'll see if they're poised to recover or if they have serious issues going forward.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is an integrated energy company based out of Calgary, Alberta.

Suncor has mostly set up shop in the Canadian oil sands. The company is largely focused on the discovery, production, and refinement of crude oil.

As of writing, Suncor is trading at $23.63 and yielding 7.9%, which seems like an attractive buying point for a large Canadian blue-chip stock, so what's not to like?

Like most Canadian oil producers, Suncor doesn't operate with low input costs. As such, they simply have to be bleeding money at this time.

This is because Saudi Arabia is pumping out cheap oil at such a frequent rate that the price of a barrel is close to, or beneath, the breakeven point for many Canadian producers.

Suncor therefore can't continue its operations at these prices for the long term. Now, Suncor does have some other mixed assets, and even power generation operations, but selling crude oil is by far its largest revenue stream. While it's not going to go to zero, it's certainly under pressure.

As well, OPEC recently confirmed they would take measures to try and re-balance the market. Naturally, oil just can't be this cheap over the long term.

However, as of now, there are probably just other investment opportunities where you can capture a similar yield and similar upside in share price, with less material risk.

Scotiabank: Market crash buy?

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is the third-biggest bank in Canada by market cap. As a major bank in Canada, it's known for its steady growth and ironclad dividend payout.

As of writing, Scotiabank is trading at $57.40 and yielding 6.28%. But has Scotiabank just been pulled down with the market, or are there other factors at play?

Well, interest rates are certainly very low right now, and there will be the necessary mortgage deferrals that can put a kink in the bank's immediate cash flow.

However, interest rates kind of work both ways for banks, and should only slim margins by a bit.

Plus, the mortgage deferrals are just that: deferrals. Scotiabank will recoup that money at some point down the line, and in the short term they can use government liquidity aid to keep cash flow healthy.

Over the long term, sentiments should still be positive for Scotiabank, as it's a major player in one of Canada's most secure sectors.

Market crash strategy

Long-term investors stand to profit from a large market crash. To do so, they can look to pick up discounted shares of blue-chip stocks to hold for the long run.

However, some stocks, like Suncor, might carry additional risk. It's important for investors to consider other factors before deciding that a stock is simply "cheap" due to the market crash.

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