



Buying Window: These 2 Premium Stocks Are Down Over 30%

Description

Similar to other global stock markets, the **Toronto Stock Exchange** is suffering a drastic pullback due to the [novel coronavirus pandemic](#). While there are still some signs of life with a few stocks, the broader market is struggling.

As an investor, these are anxious times. However, I would urge you not to panic and consider the bigger picture here. For an investor with a long-term outlook on life, now is the time to pick up the shares of some high-quality blue-chip stocks that are trading for a discount.

Buying blue-chip shares at a deep discount can prove to be profitable in the long run.

You should be careful in your choices of stocks at this time. Not every stock is trading for a cheaper valuation due to the crash. The shares of some companies have a lower cost due to fundamental issues with the underlying businesses. You therefore need to differentiate between stocks that are oversold and those that have come down to fair valuation.

Today I'm going to look at two blue-chip stocks that the stock market crash has dragged down. I am also going to discuss the details of both **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) and **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) stock.

Will these stocks will recover or face issues going forward? Let's take a look.

Integrated energy giant

Suncor Energy is an integrated energy company based in Calgary, Alberta. Its operations mostly rely on oil sands in Canada. The company's primary focus is on the discovery, production, and refinement of crude oil. It is a high-quality company that even the likes of Warren Buffett own shares of.

Like most energy sector operators, Suncor doesn't function with low input costs. The current oil price war between Russia and Saudi Arabia has led to a significant decline in oil prices.

At the current oil prices, many Canadian oil producers cannot enjoy healthy balance sheets. Suncor is suffering the impact of the declining commodity price. Still, it has other revenue generation assets.

It is under pressure, as selling crude oil is its most significant source of revenue, but it is not operating on zero thanks to its integrated infrastructure.

At writing, Suncor is trading for \$20.16 per share at writing. It is down by a massive 55.25% from its peak in January 2020. As the oil prices recover, so can Suncor's share prices — theoretically.

Big five bank

The Bank of Nova Scotia, or Scotiabank, is the third-largest bank in Canada in terms of its market capitalization. As one of the Big Five, it has a reputation for being reliable, paying dividends religiously, and its steady growth.

Despite a healthy reputation, Scotiabank is suffering from the effects of the economic shutdown like other financial institutions. The high-quality banking stock was already struggling with low-interest rates. The necessary mortgage deferrals can create further issues for the bank in the short term.

While the mortgage deferrals will have an impact on its cash flow for the immediate future, the mortgages are not being waived.

At some point down the line, the bank will receive its mortgage payments. Until the short-term issue lasts, it can rely on the liquidity aid by the government to retain healthy cash flow.

At writing, the stock is trading for \$51.95 per share. It is down by just over 30% from its February 2020 peak. The long-term sentiments for the bank still seem positive. After all, it is one of the significant players in Canada's most secure sector.

Foolish takeaway

Long-term investors enjoy significant benefits from a massive market crash due to profits from a recovering market. Successful investors seek [high-quality stocks](#) trading for much lower than the fundamentals suggest.

Buying shares of blue-chip stocks that will recover as the economic cycle comes around can provide you with massive capital gains once the market improves.

Both Suncor and Scotiabank are ideal options to consider to this end. While I can't say when the COVID-19 pandemic will end, I have a strong feeling that these two stocks might come out strong in the long run.

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