Don’t Trust the Market Rally: 3 Top TSX Stocks to Buy in May

Description

The sale of a generation continues, as the viral impact on the economy shows no signs of letting up. True, the rallies have been reassuring, but the damage is still being done. Unemployment is ratcheting. Businesses have shuttered, some of them for good. Consider the hospitalities industry or the events industry. These areas are likely to remain impacted, even after reopening. So, where should investors put their money?

Even if the entire North American workforce were to go back to life as normal tomorrow, the world has changed. Some changes could be permanent. Look at the ways in which consumer behaviour has changed. Indeed, watching the markets for outperforming names is a good indication of future strength. To take an example, cannabis has proved surprisingly resilient to the destructive forces of the current market.

The market crash highlighted unlikely heroes

To stay with cannabis for a moment, **Village Farms** is a particularly strong play in this space for profitability. This one quality has been the big issue with cannabis from day one. Few Canadian cannabis producers can offer reassurance in this regard. Instead, cash runways are largely being used as a de facto indication of stability. However, Village Farms is already profitable and packs a consumer staples safety net.

Northland Power is a strong buy for investors banking on extended economic pain. Buying Northland stock adds long-term wind power upside to a TFSA or RRSP. Adding Northland to a personal investment portfolio steers an investor towards the high growth of the green economy. Beyond its international offshore wind power exposure, Northland is also a play for solar, biomass, and thermal energy production and pays a 4% yield.

Mix growth potential with your dividend stocks

Bank of Nova Scotia, better known as Scotiabank, is a strategic buy for Pacific Alliance upside. No other Canadian bank offers the same level of exposure to emerging market growth. It’s a key TSX ticker to watch. It’s also a strong buy at its current valuation. Its dividend yield of 6.5% is reason enough to start stacking shares in this blue-chip name.

Scotiabank is a top long-term play, especially if you hold few to zero financials in your portfolio. Its growth potential is matched with the untouchable status of a Big Five bank. Yes, banks are cyclical and track the economy to a tee. But no Big Five bank will be allowed to collapse, no matter how bad the situation gets. Besides, even if the Big Five were to shrink to, say, the Big Four, it wouldn’t be Scotiabank that gets cut from the team.

The bottom line

Don’t trust the market rally; a worse situation could be brewing. Investors may be reassured to see the markets bounce back. But the damage from the virus on the economy is still happening. Investors should stay diversified and carry on holding. They should also keep cash on hand, because another big sale could be just around the corner.

CATEGORY

1. Bank Stocks
2. Cannabis Stocks
3. Coronavirus
4. Dividend Stocks
5. Energy Stocks
6. Investing

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Cannabis Stocks
3. Coronavirus
4. Dividend Stocks
5. Energy Stocks
6. Investing

Date
2025/07/02
Date Created
2020/05/01
Author
vhetherington