Got $3,000? 3 Stocks to Buy if the Market Dips Again

Description

The second quarter saw a dramatic stock market rally following the COVID-19 market crash. Rising 14.95% in three months, the **TSX** had one of its best showings in years.

But recently, things appear to have levelled off. The TSX fell in the final three weeks of June, after solid gains in April and May. To be fair, the *entire* month of June was a net gainer. But there's no denying that recent weeks have seen a lull in stocks.

In fact, the momentum we're seeing lately may indicate a bigger dip to come. The prospect of a quick third quarter rebound was recently threatened by a second wave of COVID-19 in U.S. states like Texas and Arizona.

Shortly after the uptick in cases, those states paused their re-openings and even re-introduced previous lockdown measures. In Ontario, a more muted uptick in cases was observed.

While the economy does appear to be gradually recovering, there's no telling what will happen in the coming months. Markets appear to be reflecting that sentiment. But there's no need to worry. As we saw in the first quarter, plenty of companies can do well even with widespread lockdowns.

The following are three such companies.

Rogers Communications

Rogers Communications Inc (TSX:RCI.B)(NYSE:RCI) is Canada's largest telco. It provides cell, internet and TV service to over 10 million Canadians. In the first quarter, the company delivered solid results, with a 14% increase in free cash flow despite lower revenue.

Rogers did suspend certain fees in response to the COVID-19 crisis, but it doesn't appear to have hit the business too hard. The company even *added* 17,000 net internet subscribers in Q1.

Telcos in general fared better than most other industries in the COVID-19 market crash. I give the nod to Rogers over the others mainly because it's the best positioned to roll out 5G quickly.

Canadian National Railway

The **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is a massive railroad company that ships $250 billion worth of goods every year. The company has a three coast network that gives it an edge in long distance North American transportation.

CNR fared better than most TSX stocks in the COVID-19 market crash. In a quarter mired by rail blockades and COVID-19 lockdowns, the company managed to grow earnings by 31% year over year. While revenue was flat, costs were down and rates were up. It was a solid showing from a company that has outperformed the TSX over the long haul.

Fortis

Fortis Inc (TSX:FTS)(NYSE:FTS) is perhaps Canada's ultimate recession-resistant stock. It has raised its dividend every single year for 46 years–a period that has included many recessions. In 2008 and 2009–the years of the global recession–it increased its earnings for two years in a row.

In Q1, which included the start of COVID-19 lockdowns, FTS grew its earnings to $312 million, from $311 million a year before. On a per share basis, earnings declined, because Fortis sold new stock, diluting equity.

Nevertheless, the business itself hummed along in Q1 despite a pandemic that ravaged most industries — a solid performance by any standard.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:RCI (Rogers Communications Inc.)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:FTS (Fortis Inc.)
6. TSX:RCI.B (Rogers Communications Inc.)

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