



Warren Buffett Should Buy This TSX Stock If the Market Crashes

Description

The **S&P 500 Index** recently saw its seven-day win streak come to an end in the final hour of trading on Tuesday. Investors continued to rotate out of growth stocks, as the **NASDAQ 100** led the downward charge once again.

For a while it seemed that stocks could only go up. But as you're probably aware, it's times like these, when investors are used to seeing green on the daily, when one's most likely to let their guard down, leaving themselves open to feeling the full force of a [market crash](#) or correction.

Be like Warren Buffett: Never let your guard down!

While it's comforting to know that the Fed has our backs as investors, it'd be unwise to exhaust your liquidity reserves as several U.S. indices struggle to break through their pre-pandemic heights. The insidious coronavirus is still out there, and every time we take the pressure off containing efforts, an [outbreak](#) will spike.

Although we've had a nice bout of optimism lately, one must not rule out the possibility of a bear-case scenario with this pandemic, however unlikely it may seem at any given time.

Warren Buffett acknowledges the full range of potential outcomes. He's still sitting on a mountain of cash because there's a chance the markets could implode again, and once it does, he'll be ready to put more money to work.

So, if you want to be like the Oracle of Omaha, you should follow in his footsteps by keeping some dry powder on the sidelines. That way, you'll relish, not fear, the next time stocks start falling with no end in sight, as they did in February and March.

What should Warren Buffett buy the next time the markets are in turmoil?

That's the million-dollar question, and while we can only speculate at this point, it's worth looking into the man's portfolio for businesses that Buffett has already taken a liking to. As far as Canadian stocks are concerned, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) stands out as **TSX** stocks that Warren Buffett should buy if the markets were to retreat again.

Suncor Energy is Buffett's preferred way to play the Canadian oil patch. The company has been under a considerable amount of pressure amid the coronavirus crisis, and its dividend didn't make it through the industry hailstorm in one piece.

While a 55% dividend reduction is viewed as unforgivable by many income investors, value investors have a lot to gain by going against the grain at these depths.

Deep value in the oil patch

If the COVID-19 pandemic worsens, battered energy stocks like Suncor could lead the next downward charge. The company, which now has a Fort-Knox-like balance sheet, is ready to roll with the punches that this pandemic will throw its way.

And unlike its peer Canadian Natural Resources, Suncor is focused on shoring up cash and doing everything in its power to survive a bear-case scenario rather than looking to scoop up distressed bargains in the energy scene while keeping investors happy with its large dividend commitment like **Canadian Natural Resources**.

As a result, Suncor's peer Canadian Natural likely has more fans these days. But if you're like Warren Buffett and want better preparation for a bear-case scenario, Suncor is a better bet while shares trade at a 5% discount to book value. While Suncor's 3.7% yield is less bountiful, the value to be had in the stock is unmistakable.

If Warren Buffett liked Suncor last year, he'll likely love it should Suncor stock fall into the teens on the next market sell-off.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

TICKERS GLOBAL

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2. TSX:SU (Suncor Energy Inc.)

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