Revealed: My Top TSX Stock to Buy After Thursday's Sell-Off

Description

The stock market took a sharp downward turn on Thursday, with the tech winners and white-hot momentum plays leading the downward charge. The tech-light, value-heavy **TSX Index** fell modestly, retreating just under 1.5% a day the **NASDAQ 100** shed over 5% of its value.

This brutal selloff was a long time coming

Indeed, this could be the big growth-to-value rotation that I've been warning investors of for weeks now. Canada's most prominent tech darling Shopify fell into correction territory, just two days after touching down with all-time highs. As the margin calls come flowing in for momentum-chasing Robinhood speculators and newbie retail investors, long-term investors should brace themselves for another few days' worth of pain.

Although it seems like this is the beginning of the end, I'd urge investors to nab the bargains they see as they come along, rather than trying to time the bottom. Because as well all know, no bell goes off when we hit bottom, and it's the pursuit of the perfect entry point that often leads investors to miss out on opportunities to buy the dip.

Now, there's a real chance that the margin-heavy retail investors haven't been taken out of this market yet. So, make sure you don't spend all of your excess liquidity or CERB cheques at any one time, especially on a name as hot as Shopify, because it could still have much further to fall, as the winners of the first half of the year lose their appeal. Not to mention that Shopify shares are still trading at nosebleed level valuations after the latest correction.

Now, start scooping up bargains like CN Rail

Without further ado, here's one top TSX "value" stock I'd scoop up after the biggest market plunge since June, as we proceed into what could be a much-needed garden-variety correction.

CN Rail (TSX:CNR)(NYSE:CNI) shares held their own rather well on what was a big down day that saw the volatility index skyrocket. Shares of CNR fell just 0.6%, far less than most other stocks, despite the name's recent pick-up in momentum.

While the valuation may seem pricy relative to historical averages, I'd urge investors to consider the resilient railway's bounce-back potential if we are, in fact, due for an abrupt recovery in 2021. Regardless of how much longer we'll be plagued by this pandemic, CN Rail will keep on rolling, standing to lose a minimal amount relative to the broader indices like it did during the Great Financial Crisis.

As CN Rail continues its retreat back to and below the $130 levels, I'd look to load up on the name before its valuation multiples have a chance to compress as we escape this volatile "write-off" of a year. Management has the infrastructure in place to do its part to help get the economy back to where it was pre-pandemic, making the industrial play a must-buy going into year-end.

Chris Montagu, **Citigroup** strategist, named CN Rail as one of his three top Canadian picks. I think he's right on the money and would encourage investors to accumulate shares on weakness.

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