2 Top Picks to Buy During a Stock Market Crash

Description

It's common in a frothy market to see pundits pushing lists of stocks to buy *before* a stock market crash. But investors facing the intense volatility of the late 2020 markets might also want to buy stocks *during* a market crash. The reason for this is simple: a crashing market offers multiple value opportunities rather than just one. The key is to buy in stages instead of waiting for the bottom.

Feather your nest; don't back up the truck

A market correction seems likely considering that there is still a broad disconnect between equities and the economy. There could be opportunities coming up to buy into blue-chip names at a fraction of their current valuations. That's why investors should have a list of names and entry points drawn up in the eventuality of a sharp market contraction this fall.

But don't wait to go all-in when the markets are perceived to have bottomed out. Doing so means that value opportunities will get missed. Instead, split your desired position into around six portions and buy on increasing weakness. By feathering a nest in this way, patient investors with steely nerves can capitalize on deteriorating stock futures while building positions in blue-chip names for fewer dollars down.

Asset classes to consider include gold miners and reliable tech stocks with proven track records and compelling stories. Both asset types have been run perhaps a little far during the pandemic, leading to rich valuations. Other areas include banking, which has been chewed up by the March selloff and is liable to bleed further given another lockdown.

Build a barbell stock portfolio

Stocks such as **Bank of Montreal** (TSX:BMO)(NYSE:BMO) — better known to customers as BMO — are solid picks for a fall watch list. This is one of those blue-chip names that has seen dire share price depreciation during the pandemic. BMO has recovered somewhat, up 38% off its 52-week low, but it's still oversold. Another round of value opportunities could be coming up, too, if the market sells off again this fall.

It's been said before that investors should be wary of chasing yields in the current market. However, BMO's yield of 5.45% is sufficiently plump to appeal to yield-focused TSX stock portfolio builders. That distribution is also fed by a broad range of revenue streams, as anybody who has looked at the financial products on offer from BMO will know.

Investors may even want to build a barbell portfolio during a stock market crash. This involves buying into two contrasting asset types and balancing them equally in a stock portfolio. For instance, an investor may wish to balance a long-term dividend stock like BMO with some near-term growth potential. Stocks to pad out the latter end of the barbell could include space tech name **Maxar Technologies**.

Maxar has friends in high places. Partnered with the likes of NASA and **Intelsat**, Maxar has seen 250% share price growth in the last 12 months. A key play for exposure to the yet-to-explode space industry, Maxar is also a strong buy for its access to the coming communications boom.

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vhetherington