



## ?Got \$1,000? 3 Stocks to Buy if the Stock Market Crashes

### Description

In hindsight, the March market crash was a perfect opportunity to buy great stocks. You can be sure that another crash will come sooner or later. The stock market has gone up and down throughout history.

If the stock market crashes again, here is a good mix of stocks that should be high on your buy list for consideration.

### Buy growth stocks if the market crashes

[Growth stocks](#) are easily recognizable with fast-growing revenues and a rising 50-day simple moving average (SMA).

For example, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock's three-year revenue-growth rate was just under 60%. Its trailing 12-month (TTM) revenue growth was still strong — just over 60% year over year.

During the March market crash, the growth stock retreated to and consolidated at its 50-day SMA on the weekly chart before propelling higher. The SMA has climbed persistently since at least 2019. Driven by high revenue growth, Shopify stock often finds itself overbought before consolidating and heading higher.

The growth stock has been consolidating since June. By the look of things, it's just a matter of time before its next leg up. If it does retreat to its 50-day SMA, which is roughly at US\$700 (or CAD\$1,000) per share, in a market crash, interested investors should highly consider buying some shares.

### A dependable growth stock that pays a growing dividend

**Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) stock has been a great core holding in diversified stock portfolios. Since 2008, it has been a six-bagger, delivering annualized total returns of more than 15% and dividend growth of north of 14% per year.

As one of only two class I publicly traded railroad **TSX** stocks in Canada, Canadian National enjoys a wide economic moat from cost advantages and efficient scale.

CN Rail is a wonderful business. Despite pandemic-triggered disruptions to the economy resulting in its revenue falling 10% and diluted earnings per share declining by 23% in the first three quarters against the same period in the prior year, it managed to boost its free cash flow by 39% to more than \$2 billion. Therefore, it had no problem increasing its dividend this year — a tradition it has maintained for 25 years and counting.

The market has bid up the quality stock. The stretched valuation triggered a dip of 6% yesterday after the Q3 report. The dividend stock would need to fall at least another 8% to return to a more normalized valuation.

Another market crash can certainly drag it down to the \$127-per-share level or lower, at which time it would be a good time to start nibbling.

## A proven dividend stock

Like CN Rail, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is a market leader that enjoys a wide economic moat. Through years of effort, it has grown into and taken the number one or two rankings, among its Canadian big bank peers, in terms of total assets, deposits, and reported net income.

In fiscal Q3, it reported total assets of close to \$1.7 trillion, total deposits of more than \$1 trillion, and TTM net income of \$9.6 billion.

Because of pandemic impacts on the economy, TD stock is trading at levels last seen in 2016. The stock is considered fairly valued in today's environment due to reduced earnings this year. However, if you project normalization of earnings in the future, the quality bank stock is undervalued by about 26%.

TD stock also offers an attractive dividend yield of 5.3%, which is really the jewel of the investment. This yield provides roughly 39% greater in passive income than its normal yield of 3.8%. Investors get paid nicely to wait for price appreciation.

The bank has increased its dividend for nine consecutive years. It might end up only maintaining its dividend next year, but be assured that it will increase its payout in the long run.

## The Foolish takeaway

If I didn't own any of these stocks today, I'd consider [immediately buying](#) some shares of undervalued TD stock and perhaps nibbling on Shopify. Should a market crash come, I'd back up the truck on these three great stocks.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners
5. Tech Stocks

## **TICKERS GLOBAL**

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:SHOP (Shopify Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:SHOP (Shopify Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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