



Market Crash: A Top TFSA Income Stock With 20% Upside to Buy in November

Description

TFSA income investors who missed the surge off the March market crash have a chance to put sidelined cash to work in some top [oversold](#) stocks.

Is a new market crash on the way in November and December?

September brought a small pullback, but we could be in for much greater volatility heading into the end of 2020. The U.S. election is just one week away, and nobody knows what is going to happen. At the same time, a second COVID-19 wave threatens to stall the economic recovery.

The polls show Joe Biden headed for an election win, and pundits think the Democrats could gain a majority in the U.S. Senate. Things could turn out that way, and a big Biden win would likely result in a relatively calm market reaction.

However, as we saw with the last U.S. election, the polls and pundits can get the story very wrong. Trump's first win came as a huge surprise, given that Clinton led the polls right up to election day. Interestingly, a Trump win in 2020 would also likely result in a muted reaction from the stock market.

The big concern heading into next week's election is the potential for a very close result where Biden wins by a slim margin.

How?

President Trump made several claims in recent months that he feels the election is rigged to favour the Democrats due to the large proportion of mail-in ballots. People don't want to go to the polls in person, so mail-in balloting will hit a record in 2020.

At a press conference in late September, President Trump wouldn't commit to a [peaceful transition of power](#) in the event he loses. At the very least, a close result could lead to lengthy court challenges that might delay the official election result for weeks or months. In that scenario, the stock markets could be in for a volatile finish to 2020.

Which stocks should you buy if the market plunges again?

A number of top-quality [dividend stocks](#) already trade at attractive prices. Any additional downside should be viewed as an opportunity to add them to a TFSA income fund.

Given the market uncertainty heading into next year, it makes sense to buy stocks that can deliver profits in a challenging environment and maintain or raise their dividends. Companies that provide essential services would likely be a good start.

Is BCE a good market crash stock to buy today?

BCE ([TSX:BCE](#))([NYSE:BCE](#)) stock trades near \$55 per share at the time of writing and provides an attractive 6% dividend yield. The shares hit a 12-month high above \$65 before the pandemic, so there is nice upside potential once the pandemic gets under control and vaccines become widely available.

BCE's mobile and wireline networks provide steady revenue that is relatively resistant to chaotic markets. People and businesses need to use their phones and internet connections regardless of the state of the economy. The work-from-home era looks set to continue for some time, and that could start to show up as higher revenues per user.

Why?

BCE didn't charge for going over internet data limits through the end of June as a way to help customers manage lockdowns at the start of the pandemic. This meant many people didn't need to upgrade their subscriptions. However, the waiver ended in July, and people still need the additional internet and mobile data capacity.

Device sales and media revenues remain under pressure, but that should be a short-term issue. A year from now, it is likely the business units will all be back to regular operations.

BCE benefits from falling interest rates. The market crash forced governments to slash rates to support their economies. The outlook right now is for rates to remain near record lows for the next few years. This should provide additional support for BCE and its shareholders.

The bottom line

BCE look cheap at the current price and offers a great dividend. The stock could easily be 20% higher by the end of 2021. Any further downside on a broad-based market crash should be viewed as an opportunity to buy the stock.

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Author

aswalker

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