Market Crash: 2 Top TSX Stocks to Buy Amid the Market Weakness

Description

It seemed like we were heading towards the pandemic's end, as mass vaccinations began across several parts of the world. However, we are not out of the woods yet. The newfound COVID variant, uncovered in the U.K., is apparently more dangerous and is creating havoc through the global financial markets. Here's how to play the broad market weakness.

Barrick Gold

The markets will likely trade weak in the short term due to the new COVID strain. Interestingly, this will put gold stocks like **Barrick Gold** (TSX:ABX)(NYSE:GOLD) in focus due to their safety appeal.

Also, the U.S. has approved today a record US$900 billion stimulus package, which could provide a notable boost to gold stocks. Federal Reserve has to monetize these stimulus packages, creating more debt, ultimately putting pressure on the dollar. A weaker dollar should further lift the yellow metal.

The world's second-biggest gold miner Barrick Gold more than doubled its earnings this year compared to 2019. Higher production and higher realized gold prices notably helped gold miner's financials this year. Importantly, the trend can continue in 2021 with a rosy outlook for gold.

Additionally, Barrick has done exceptionally well to bring the net debt down and strengthen its balance sheet in the last few years.

Barrick Gold stock has fallen more than 25% since hitting its recent high of $40. Despite the correction, the stock seems overpriced from a valuation standpoint. However, the company with solid fundamentals and superior earnings growth potential deserves a premium valuation.

If you want to play the gold rally, Barrick Gold stock could be an interesting bet. It pays regular dividends and has outperformed the yellow metal itself because of its superior financials.

Fortis

The top utility stock **Fortis** (TSX:FTS)(NYSE:FTS) could be a classic defensive stock to play the rough markets. If you think utilities are boring and lag broader markets, that's incorrect in the case of Fortis. It has returned 14% compounded annually in the last two decades and has significantly outperformed the TSX Composite Index.

If you invested $10,000 in FTS stock in 2000, you would have accumulated $149,000 today, including dividends.

Utilities like Fortis operate in a heavily regulated environment and earn a specific rate of return. Their earnings don't waver much like tech companies. That's why they pay stable dividends and their stock prices are comparatively less volatile.

Fortis stock yields almost 4% at the moment. Although the yield is not substantially high, its long dividend-payment streak is quite astonishing. It has increased dividends for the last 47 consecutive years.

Utilities pay a large portion of their earnings to shareholders in the form of dividends. That's why they have higher payout ratios. Fortis has a payout ratio of 70%.

Bottom line

A combination of two top TSX stocks Barrick Gold and Fortis might outperform in the short term amid the market weakness. Even if slow-moving, Fortis should provide unmatched stability to your portfolio in the long term. At the same time, Barrick Gold will give exposure to gold with a growth tilt.

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