



## Top 2 TSX Stocks to Buy in 2021 Market Crash

### Description

After a splendid stock market rally in 2020, 2021 brings fear of another market crash. If you ask me when will there be a market crash, I will say it is difficult to time. A market crash is like a panic situation where investors sell all types of stocks.

Why do you invest in a stock? Because you believe the company will grow and increase its profits. But in a market crisis, the business environment is foggy, and investors don't know what lies ahead. When the pandemic created a nationwide lockdown in March, nobody (businesses, governments, economists, investors, consumers) knew the length and magnitude of the impact. Hence, the stock market crashed more than 30% in March.

### What's the hype about the market crash?

History shows that when the market crashes it surges at a faster pace than its normal growth rate. The **TSX Composite Index** rose 56% from its March bottom. Similarly, in the 2009 crisis, the TSX Composite Index surged 85% in 12 months after falling 44% in six months from September 2008. It is because of this growth that whales like Warren Buffett look for a market crash. It is during the market crash you find many good stocks at a heavy discount and tremendous upside.

### Probability of a 2021 stock market crash

Now even you are eager to know when there will be another market crash. Looking at the possibilities, I expect a market correction in April 2021. The Canada Revenue Agency's (CRA) \$2,000/month Canada Recovery Benefit (CRB) is available to all eligible Canadians for 26 weeks. If you are claiming CRB regularly, you will exhaust your benefit in the first week of April. That is the time when you have to file your taxes, and the CRA will [clawback excess CRB](#).

If there is another wave of pandemic and the mutant coronavirus proves deadly, there could be another stock market crash. Another possibility is if businesses and individuals fail to service their debt, many bank stocks could collapse. You can see why Buffett's **Berkshire Hathaway** sold bank stocks and largely kept its holdings in **Bank of America**.

## Two stocks to buy in a market crash

If there is a market crash in 2021, buy market leaders with lower debt and the potential to grow. Two stocks worth buying in a crash are **Constellation Software** ([TSX:CSU](#)) and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

### Constellation Software

Constellation Software is a leading player in the niche software market. It earns money by acquiring smaller software companies. These companies cater to niche markets with little competition and therefore, earn steady cash flows. The stock surged 31% this year but 44% from its March low. The company has low debt and enjoys stable cash flows. If you invested \$10,000 in Constellation in 2015, your money would have grown to \$28,600, and most of this growth came in the last two years.

The next decade will accelerate the move to digitization, making software more relevant. Moreover, Constellation is now targeting slightly larger companies, and these acquisitions will lead to higher growth. Its strong balance sheet and future growth potential make it a lucrative stock in a market crash.

### Enbridge

When you buy in a market crash, balance your risk with growth and dividend stocks. Hence, the second stock to buy in a market crash is Enbridge. As North America's largest pipeline operator, it enjoys volume and pricing power. Utilities have to contract with Enbridge to transmit oil and natural gas.

Enbridge's 40+ revenue streams give it the power to withstand a global crisis. When the economy recovers, oil and natural gas demand will return and so will its cash flows. That was visible when Enbridge increased its [dividend per share by 3%](#) for 2021 despite the pandemic. While the stock is down 21% this year, its dividend yield is high at 8.17%.

In another market crash, if Enbridge stock falls, its dividend yield will surge, giving you an opportunity to lock in a high yield. If you invested \$10,000 in Enbridge in March, your money would have grown to \$15,000 plus \$875 in dividend income.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:ENB (Enbridge Inc.)

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