Wait for a Market Crash: Buy and Get Rich in 2021

Description

Last year was a period of great uncertainty, although the **Toronto Stock Exchange** (TSX) pulled off a fantastic comeback from the carnage in March 2020. On January 8, 2021, Canada's primary stock market index closed at a record-high 18,042.10. It was a long, challenging climb from its COVID-low of 11,228.50 on March 23, 2020.

With the vaccine rollout and ultra-low interest rates, stocks are the asset class of choice. However, the market isn't out of the woods yet. Another correction could happen due to the worsening pandemic resurgence. According to the latest national modelling, Canada is on track to hit 796,630 COVID-19 cases and 19,630 deaths by January 24, 2021.

The federal government is in panic mode. Canadian Prime Minister Justin Trudeau said the only way to get the numbers down is to reduce in-person contacts. Chief Public Health Officer Dr. Theresa Tam warns it will still be months before most Canadians get access to shots. She adds the health-care system must have the capacity to administer the vaccines on a mass scale when the time comes.

On the investment front, the TSX remains bubbly. If you have the appetite to invest, it's best to wait for a market crash. You can buy at the bottom and realize massive returns in 2021.

Recovering high-yield stock

Timing the market is difficult especially today when the behavior is erratic and economic uncertainty persists. Similarly, if you're investing, invest for the long term so that you can build wealth by staying invested. One prominent income stock that has yet to recoup its losses in 2020 fully is **Enbridge** (TSX:ENB)(NYSE:ENB).

As of January 15, 2020, the stock trades at $44.88 or 8.15% lower than it was a year ago. The stock could slide if COVD-19 shakes up the market anew. It's a good entry point, given the discounted tag price and an over-the-top 7.44% dividend. This energy stock is a defensive play, notwithstanding the volatile energy sector.

Enbridge is a core holding of many income investors, if not a mainstay in most stock portfolios. Its utility-like operations and strong cash flows from long-term contracts are the compelling reasons to invest in Enbridge. The $90.89 billion energy infrastructure company is known for its extensive pipeline network and utility assets.

Best-in-class dividend achiever

You can classify Enbridge as a Canadian dividend achiever because it has been paying dividends for 69 consecutive years. Also, the yield is increasing consistently over the last 25 years. The double-digit dividend compound annual growth rate (CAGR) of 14% in recent years is another positive attribute.

Enbridge has the scale and energy fundamentals to capitalize on the growing power demand. In post-pandemic, the earnings and cash flow growth hovers between 5% and 7%. Furthermore, the company has 21 renewable projects, which are potential growth catalysts in the near term. Future dividends could be in the high single range.

Return to normalcy

According to the **Royal Bank of Canada** Capital Markets, a successful COVID-19 vaccine could heighten the chances of the return to normalcy. It would also be a powerful tonic for the TSX's performance in 2021. If the economic outlook brightens, the Big Six banks might release a portion of the massive credit loss provisions to earnings. Higher crude oil prices could propel the energy sector to where Enbridge belongs.

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Date
2025/08/01
Date Created
2021/01/20
Author
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