2 Canadian Stocks to Buy Before a Market Crash

Description

The **TSX Composite Index** did not take too long after the March 2020 market crash to recover and continue on its path to all-time highs. The fact that it is back above pre-pandemic highs does not warrant a full-blown market crash. However, it is a sign that there could at least be a pullback.

Whether or not the pullback happens, a market crash could eventually hit due to the cyclical nature of equity markets. Preparing ahead for any potential market crash is the best way to secure your financial freedom and mitigate your losses for a stronger future outlook.

I will discuss two Canadian stocks that you should buy before a market crash for this purpose.

Old financial institution

Royal Bank of Canada (TSX:RY)(NYSE:RY) is one of the oldest Canadian financial institutions. Like its peers in Canada's Big Six banks, RBC is a staple investment for many Canadian investors with a long-term horizon. Banks tend to drop significantly during a market crash. However, financial institutes like Royal Bank of Canada have wide economic moats to ride out the challenging environments.

Canada's banks were among the best worldwide during the market crash of 2008 — a situation when many major institutions went belly up. Canadian banks like RBC bounced back to pre-pandemic levels quickly within a year during the market crash in 2020. RBC is Canada's largest bank in terms of its market capitalization. It is expanding rapidly, and it has established a significant presence in the U.S.

It could be an excellent stock to buy before a market crash to secure your finances.

Fortified utility

Investors seeking exposure to defensive assets that can offer stability during any market crash consider adding utility sector operators to their portfolios. **Fortis** (TSX:FTS)(NYSE:FTS) is one such company that many investors consider. The company can see revenue come in no matter what is happening in the market, because utilities are an essential service for every industry and individual on the planet.

Fortis has been growing its operations throughout North America over the years. It generates most of its revenue through highly regulated and long-term contracted assets. It means that Fortis earns predictable income that it can use to finance its growing dividends comfortably. Additionally, its acquisitions will allow the company to expand its rate base to increase its revenues in the coming years.

Fortis is almost a Canadian Dividend King with nearly 50 consecutive years of dividend growth under its belt.

Foolish takeaway

Many investors feel inclined to exit the stock market entirely as they prepare for a market crash to cut their losses. It would be better to have some cash holdings to use as investment capital to buy shares of high-quality assets on the dip. But that does not mean that only holding onto cash is the safest place to park your capital amid a market crash.

Holding onto cash just means that your money will sit idle and do nothing. Investing in reliable dividend-paying assets like Royal Bank of Canada and Fortis can let you use your capital to generate more money, despite volatile market conditions.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
4. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks

2. Dividend Stocks
3. Investing

Date
2025/07/06
Date Created
2021/03/04
Author
adamothman