2 TSX Stocks to Buy if They Dip Even Lower

Description

The TSX posted a triple-digit loss (198 points) on July 16, 2021, to close below 20,000 for the first time since June 18, 2021. It recovered and climbed above the threshold again after two trading days. As of July 22, 2021, Canada's primary benchmark closed at 20,097.52 for a 15.3% year-to-date gain.

While the TSX displays tremendous resiliency in 2021, factors such as dropping oil prices and resurging COVID infections could cut its string of successes. However, I noticed that the trading volume in **Royal Bank of Canada** (TSX:RY)(NYSE:RY) and **Enbridge** (TSX:ENB)(NYSE:ENB) was heavy.

It appears investors are moving to safer assets. Even if there's a market correction or if the stock prices dip, owning the bank stock and energy stock is like standing on solid ground.

Too big to weaken

Panic gripped investors when the credit crisis erupted in 2007 due to the subprime meltdown. America's fourth-largest bank then, Lehmann Brothers, filed for bankruptcy in September 2008. RBC shares traded at $50 before it went on a tailspin.

Along with Canada's other big banks, RBC did not seek a bailout or central bank assistance like many U.S. banks during the global financial crisis. Its stock price, however, fell to as low as $25.80 on February 23, 2009. Investors who stuck to the bank stock and did not sell their shares made the right decision.

The blue-chip asset slowly recovered that it rose back to $50, five months later, on July 23, 2009. There was no stopping RBC's climb from there on, as it reached $62.42 on May 3, 2010. The coronavirus outbreak is of a different nature, although it brought economic shocks and caused a market selloff in March 2020.

RBC tanked, too, but still rewarded investors with a 6.5% total return in 2020. As of July 22, 2021, the bank stock trades at $125.86 (+22.7% year to date) and pays a 3.42% dividend. There was no dividend cut whatsoever, notwithstanding the health crisis. Canada's largest bank even had a $9.9 billion excess capital after Q2 fiscal 2021, which it can use to increase dividends in the near term.

A rock solid as ever

Like RBC, Enbridge is a buy-and-hold stock. The $98.46 billion energy infrastructure company is a reliable passive-income provider come hell or high water. Its total return in the last 45.58 years is 45,511.62% (14.38% CAGR). You can own the stock for $48.61 per share and partake of the generous 6.88% dividend.

Enbridge didn't fall as much in the 2008-2009 financial crisis compared to RBC. However, the energy sector suffered the worst beating in 2020 due to the oil price slump and COVID-19 pandemic. From $51.32 on February 12, 2020, the stock price fell 39.5% to $31.06 on March 18, 2020.

Investors lost 15.38% overall, although they had a financial cushion from dividend payments. Thus far, in 2021, energy is TSX's top-performing sector with its 38.04% gain. Meanwhile, Enbridge is up +23.76% and outperforms the TSX (+15.28%). Because of the favourable outlook, market analysts recommend a strong buy rating. They see a potential return of 10.5% in the next 12 months.

Buy on the dip

The emerging COVID variants could unsettle the TSX. Thus, because of heightened uncertainties, the share prices of Royal Bank of Canada and Enbridge could slide, too. Buy both stocks on the dip, as they will eventually recover, like in previous meltdowns.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:ENB (Enbridge 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. Energy Stocks
4. Investing

Date
2025/06/30
Date Created
2021/07/26
Author
cliew