



## These 2 TSX Stocks Are Plunging: Time to Buy the Dip or Sell Out?

### Description

The **TSX Index** keeps on running, but in the [background](#), there are a large number of blue-chip darlings that have fallen into correction territory. As their negative momentum continues into year-end, should either name be worth picking up? Or could there be even more pain, as each TSX stock looks to surrender even more [gains](#) to the hands of Mr. Market?

So, if you're waiting for a correction to put any excess cash to work, here you have it: two TSX stocks that have already fallen into correction territory.

Consider **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) and **TD Bank** ([TSX:TD](#))([NYSE:TD](#)), two market darlings that have recently reversed in a big way, shedding around 20% and 8%, respectively, from their all-time highs hit just a few months ago.

### Magna International

Magna is an incredibly well-run auto part maker that saw its epic rally come to a crashing halt. The stock now finds itself in bear market territory (that's a 20% retreat from peak levels), as the economic boom appears to be showing signs of slowing. Undoubtedly, Magna is exactly the type of cyclical stock you'd want to own ahead of the first innings of an economic expansion. With various pundits now thinking that we're approaching or are already in the mid-cycle, it shouldn't be a surprise to see Magna stock putting its gears into reverse.

Just how much farther does the auto part maker (or mobility technology company, given rumours that it may play a role in a future **Apple Car**) have to fall?

That's the million-dollar question. Things could easily worsen over the near term, and the stock could test its support level in the mid-\$80s. Personally, if Magna were to fall into the high-\$80s or low-\$90s, I'd look to be an aggressive buyer.

The company has a lot of catalysts going for it, and the recent mixed bag of a quarter, I believe, will soon be forgotten, as the company looks to shift gears out of reverse as it focuses on the road ahead.

The road ahead could have the potential to be very bright. At least, that's what Credit Suisse's Dan Levy seems to think, with his \$145 and change price target, which implies over 45% worth of upside from current levels.

My takeaway? Nibble on the stock today if you're keen but do be ready to add to a position should shares fall to the \$88-92 range. At 0.6 times sales and two times book, Magna isn't at all expensive. But do be cautious over the negative momentum.

## TD Bank

TD Bank is trading at a single-digit trailing price-to-earnings (P/E) multiple? It sounds too good to be true. But that's exactly where the stock finds itself today after stumbling on a quarterly report that really wasn't all that bad. Although TD Bank was outshined by its peers this earnings season, I wouldn't expect more of the same moving forward.

You see, TD is still a premium bank I'd be willing to pay +13 times earnings for. CEO Bharat Masrani is still a brilliant manager, and he is more than capable of steering TD back en route to superior risk-adjusted returns.

This near-term setback is a buying opportunity. It's a relative laggard for now, as the macro environment seems to be decaying. The catalyst of higher rates has likely been pushed back, given Canada saw its GDP contract by over 1% in the second quarter. Conservative leader Erin O'Toole recently stated that the nation is on a "road to recession." And if that's the case, the big banks could continue to wane. Still, as we learned from last year, the banks never stay depressed for too long.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:MG (Magna International Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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