2 TSX Stocks I'm Looking to Buy Ahead of a Market Correction

Description

Like it or not, we've finally been served up a 5% market correction. Whether or not it turns into a 10% pullback, as many market strategists have predicted, remains to be seen. Regardless, value-seeking investors should have their shopping lists ready, as we head into the late stages of one of the seasonally worst month for the **TSX Index**.

In the early innings of a correction, it's wise to do a gradual amount of buying, starting with more defensive names that can better hold their own should the selloff intensify. Undoubtedly, there are a wide range of issues troubling investors these days. From coronavirus cases to extended valuations and a potential rocky entry into the middle innings of the market cycle, this pullback is a long time coming.

The main concern on the minds of investors, though, is China's **Evergrande** contagion, which some fear could send ripples across the global markets. It's not a great situation, and it may very well be the push that sends us into that long-overdue 10% drop.

In this piece, we'll not go further into what's already troubling a majority of investors who've been inclined to hit that sell button. Instead, we'll look at two TSX stocks you may want to add to your shopping list. Should this selloff officially fall into market correction territory, you may wish to start doing some buying. While the following names may not be the timeliest plays to pick up ahead of what could be a painful fourth quarter of 2021, I still think that long-term investors can subtly enhance their risk/reward tradeoff.

Without further ado, here are the top two names I'm tempted to start buying as markets drop by over 5% for the first time in nearly a year.

Cargojet

Cargojet (TSX:CJT) is a TSX stock that's been under pressure for the past year now. While e-commerce sales could continue to take a breather for a few quarters, I still think it's a mistake to conclude that the e-commerce secular trend is about to halt for good. The secular trend is too powerful, and, in due time, Cargojet stock is likely to take to the skies once again.

For now, expect Cargojet to continue to tread water should this bout of market volatility intensify. Already down over 22%, Cargojet is one of those long-term growth stocks, which, while still not cheap, is certainly not nearly as pricey as it could be, especially given the powerful long-term trends and fundamentals, which remain sold.

IA Financial

For those seeking deeper value, **IA Financial** (TSX:IAG) is a great name to buy, as shares look to surrender a portion of the gains posted through the first half of 2021. Monday was a brutal day for Wall Street, and despite being already dirt cheap, shares of IAG were not spared, plunging around 4% before finishing the day down just shy of 3%.

At below 9.5 times trailing earnings, IA is an insurer that's been so heavily discounted that even a modest quarterly earnings beat could move the needle much higher on the stock. Of course, financials are likely to continue to be at ground zero of this Evergrande selloff, especially if it causes further pressure on the global financial markets.

While it may be too soon to start a full position, I'm certainly not against doing a bit of nibbling on recent weakness in the name.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:IAG (iA Financial Corporation Inc.)

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