



## 2 Canadian Stocks to Buy in a Bear Market

### Description

When talks of a potential bear market intensify, many investors may initially fear what's next, understandably so. However, bear markets are a natural part of the economic cycle. They are necessary, and furthermore, they are a great opportunity for investors to buy high-quality Canadian stocks while they trade at a significant discount.

So should we get a bear market in a few months or years, it's important to have a plan when it hits and how to take advantage of the cycle.

You want to buy high-quality stocks in a bear market, of course, because they are great companies to own. and because these stocks will often trade with a significant premium. So buying the highest-quality stocks in a bear market will allow you to get the most bang for your buck.

Therefore, the next time there's a market pullback, here are three top Canadian stocks to buy.

## I'd gain exposure to crypto anytime the market pulls back

Cryptocurrency is a great choice. There is so much potential with blockchain technology and the growth in decentralized finance recently.

I'd even argue these stocks are worth an investment today. But should we see a bear market in the near term, in stocks, cryptocurrencies, or both, I'd certainly be looking to take advantage of the opportunity.

Whether you look to buy an [ETF](#) that offers you exposure to a major cryptocurrency like **Bitcoin**, or a mining stock that can offer a tonne of potential for growth, I'd be researching what stocks you like in the space the best right now.

That way, when an inevitable bear market or stock market correction finally materializes, you can take full advantage.

## A massive Canadian energy stock to buy in a bear market

Another top Canadian stock to buy in a bear market is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), although it doesn't necessarily trade at that big of a premium today.

However, it's one of the best long-term stocks you can own, and during bear markets, it offers a significant opportunity since it pays such a massive dividend.

At current prices, the yield is roughly 6.6%. That's already significant, so you can imagine that when the stock price is tanking, investors can not only buy the stock extremely cheap, but they can lock in a massive dividend yield.

When the pandemic hit last year, Enbridge traded at or under \$40 a share for a few months, giving investors plenty of time to gain exposure. At that point, the stock was paying out \$3.24 per share annually. So any investor who bought below \$40, in addition to seeing their investment gain over 25% in value recently, locked in a yield of at least 8.1%.

Plus, the stock actually bottomed even cheaper than that, below \$35; investors buying at that price locked in a more than 9.25% dividend yield.

And through the whole pandemic, not only was it highly robust, but it actually increased its dividend payout, improving its annual streak of dividend increases to 26 consecutive years.

So the next time there is a bear market, Enbridge will almost certainly be one of the top Canadian stocks to buy.

## A high-quality renewable energy stock

Finally, another industry you'll surely want to take advantage of the discount in during a bear market is [green energy](#). High-quality green energy stocks, such as **Northland Power** ([TSX:NPI](#)), are some of the best Canadian stocks to buy in a bear market because they offer so much long-term potential.

Plus, because investors know green energy is an excellent industry to be exposed to and invested in, especially now that it's a lot more competitive, stocks in the industry aren't exactly trading cheap. So any time these stock prices pull back, it will be one of the best opportunities to gain exposure.

Northland has long been one of the fastest-growing stocks in the sector and continues to expand its portfolio rapidly. During the selloff from the pandemic, Northland stock fell by over 35%, offering an attractive discount to investors.

So the next time there is a market selloff, in my view, one of the best Canadian stocks to buy will be Northland Power or another high-quality renewable energy stock just like it.

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