TSX Still Down 9%: Why New Investors Should Buy Now!

Description

It can be scary to invest when the stock market is down. And right now, the **TSX** has only recovered slightly. After dropping 10.8% from its highs on March 29, shares have somewhat recovered. It's now down 9% from those heights and 5% year to date.

It could fall further

What many Motley Fool and new investors may worry about is that shares could fall further. And they absolutely could. Economists believe a "mild" recession could be coming, which would mean shares could fall another 10%! That's what happened in the past, with a few bumps along the road to recovery.

That's terrifying for new investors. And frankly, if there is money you're going to need over the next year I wouldn't necessarily recommend investing it. But if you do have some cash set aside, you're looking to save for the next few years, then now is a great time to buy. In fact, new investors should be jumping at the chance!

Why I'd buy now

Whether you're a new investor or have been reading the Motley Fool for years, now is a great time to invest. Shares may fall further, it's true, but you're *still* getting shares at an incredible discount! With the market down, everything is below where it should be. Over the next year, there are blue-chip companies that *will* recover that 10% and more. And when that happens, you'll be sitting on incredible returns.

But be mindful. Not all companies are created equal. The growth stocks we got into over the last few years are likely to see far more volatility than other areas. Even some good news can send shares up a few percentage points, but any hint of bad news sends them crashing once more.

So, instead, it's important to identify companies that will recover as soon as possible. And, of course, I have a few suggestions.

Sort out stability

If there's one area that will recover quickly, it's Canadian financial institutions. The Big Six banks have always rebounded within a year, especially over the last two decades. It has provision loan losses that even the pandemic didn't chew up. So, a recession wouldn't harm the banks all that much.

Among the Big Six banks, I would look at **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) and **Bank of Montreal** (TSX:BMO)(NYSE:BMO) as two strong options. TD stock has been growing its business both physically in the United States, and online. It has a variety of payment options for loans, which is beneficial during a recession. And it's valuable trading at 11.22 times earnings, with shares down 15% since peaks of 2022.

BMO stock, meanwhile, has been expanding as well and in incredibly innovative ways. It's launched a Twitch channel and expanded its online presence in Europe, the Middle East, and Asia. Shares are down 14% as of writing, trading at 10.14 times earnings. Plus, you get a dividend yield of 4.06% from BMO stock and 3.87% from TD as of writing.

Bottom line

New investors can pick up returns of around 14% from both BMO stock and TD stock as of writing thanks to this downturn. And Canadian banks are bound for a recovery to pre-fall prices sooner than most other companies. Plus, you can look forward to dividends along the way and can hold onto these stocks for years without a worry in the world.

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