



Beginner TFSA Investors: 1 Stock Pick to Make Money in a Bear Market

Description

[Beginner](#) TFSA investors have many reasons to stay the course, as the **TSX Index** and **S&P 500** sink again. It's been a nasty, long-lasting bear market that's punished dip-buyers. Undoubtedly, many dip-buyers may find themselves running out of liquidity while other investors feel inclined to wait it out. Why rush to be a buyer of stocks when you can get much better prices in time?

Indeed, we've had a handful of steep rallies that have not lasted. That's the nature of [bear markets](#). There may be many more bear bounces and steep dips before we're out of the woods. In any case, I think the market's overreaction to CPI reports has paved the way for stock pickers to do well even as we enter a recession year.

Recession on the horizon? Why I wouldn't wait it out

We've heard many folks pointing to a drop-off in corporate earnings as the dreaded recession rolls around. While it's difficult to predict how much of a hit the broader basket of stocks will take from here, I'd argue that TFSA investors just sitting on cash should look to start nibbling now. Eventually, rates will peak, and markets will move higher again. Until then, it seems like a lose-lose proposition for TFSA investors, as their bond and stock holdings get rattled, while idle cash becomes a sitting duck to the scorching hot inflation rate.

Undoubtedly, it's hard to make money in 2022. But there are select names that are in bull markets while nearly everything else is in the gutter. It's these stocks I'd look to be a buyer of, even as the bearish commentary on television kicks it up a notch, as markets drag their feet into the fourth and final quarter of the year.

Consider shares of **TD Bank** ([TSX:TD](#))([NYSE:TD](#)), one dividend heavyweight with yields well north of 4% at the time of this writing.

TD Bank

TD Bank is a blue-chip stock that you should look to buy anytime it falls into a correction or bear market. Sure, we've all experienced the phase where banks rack up loan losses while profits and fees dry up.

Though TD Bank stands to take a hit to the chin just like consumers (TD has a considerable amount of consumer credit card exposure), net interest margins (NIMs) will face upward pressure as interest rates continue to climb. As a retail banking behemoth, TD has already begun to benefit from higher rates in its latest quarter (NIMs climbed 10bps quarter over quarter). Still, the latest quarter was weighed down by the same macro headwinds that caused TD's Big Six peers to miss the mark by a landslide.

In any case, TD was still able to beat estimates for its third quarter, with \$11.6 billion revenue (up from \$11 billion in Q2) and a modest per-share earnings beat, topping the consensus by around 3%.

With a handsome and growing 4.1% dividend yield, TD Bank stock seems too good to pass up. Yes, provisions aren't fun. But the coming recession could prove as mild as the credit slowdown that Canada experienced the year before the 2020 coronavirus recession.

The bottom line for TFSA investors

TD Bank is a stellar blue-chip stock that will surge to new highs once the macro headwinds inevitably fade. Unlike some of the blown-out tech stocks that will never see new highs again, TD Bank is a name you can trust will be a profitable investment in 5-10 years' time.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. agraff
2. joefrenette

Category

1. Bank Stocks
2. Investing

Date

2025/08/15

Date Created

2022/09/16

Author

joefrenette

default watermark

default watermark