How Bad Could the Recession Be?

Description

As the markets continue to move up and down like a yo-yo, investors are finally coming to the realization that there's no longer the potential for a recession, but rather wondering *when* that recession will hit. And of course, when it does, how bad could it be?

As the inverted yield curve now hits both sides of the border, there were a few moments when investors just weren't exactly sure what was even going on. The market declined in March, then slowly rebounded in June, but now seem to be on the downward path yet again.

Much of this is due to some negative moments globally, including Brexit, a Chinese-America trade war, and the German Central Bank also warning the country is now slipping into a recession.

So, as an investor, what should you do? And just how bad could it get?

Well, first of all, analysts don't think we'll go back to the way things were during the Great Recession of 2008 and 2009. That was a dramatic dip that can be clearly seen on any maximum chart data of any stock around during that time.

A hint to this possibility lies with the recent dips in the market. Investors are being more careful because they can afford to be, so the post-crisis yield curve hasn't been so dramatic as it was during the Great Recession.

Therefore, when the recession finally hits, it likely won't lead to the halving of many stocks that we saw a decade ago.

Another point is the political uncertainty playing a huge role in today's economic fears. Much of this falls on President Donald Trump, who has been unclear on his stance on a number of economic issues affecting countries around the world.

This has left businesses and investors alike unsure of the economic future, which has led to poor market performance. While this is problematic, it's mainly also just annoying and could lead to a quick turnaround, especially with a new election just around the corner.

So what can you do as an investor?

For my money, I would find a strong, conservative stock that usually outperforms the markets. In this case, **BMO Low Volatility Canadian Equity ETF** (TSX:ZLB) is an ideal option. While you won't see the significant gains that you might with other stocks, you'll see far less dips during times of trouble.

It's not as though the stock hasn't grown at all, however. In fact, since 2012 it's more than doubled for investors looking to buy and forget this ETF. The ETF offers incredibly low management fees, investing in stocks that have basically no risks — hence the "low volatility" in its title.

The stock also offers a yield of 2.43% as of writing, which, albeit not enormous, is growing steadily as time goes on.

So if you're worried about the future of the markets, it doesn't get much better than BMO's ETF. For next to no cost, you'll see your stock continue to grow with likely only a slight dip when the market does eventually drop. And believe me, it will.

If you are risk averse, or simply just nervous about a recession, BMO is definitely the ideal stock to allow you sleep soundly at night.

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Date
2025/07/04
Date Created
2019/08/25

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