



Yes, the Market Will Crash: Is Your RRSP Ready?

Description

Market analysts and economists believe a market crash is inevitable as the current bull market has already exceeded the usual length of five years. But no one knows for sure when it's going to happen. In Canada, the economy is slowing down, and consumer debt is rising, a bad omen.

Prevention is better than cure

The idiom applies even in investing. Retirees, most especially, are advised to act and try to cushion the effect of a down market than fix it once it has happened. Hence, you must make sure your RRSP is ready.

Invest in a high-quality asset

Investors move away from the energy sector when the market is crashing because of higher volatility. However, one energy company stands out during times of uncertainty: **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is one of the largest midstream companies in North America.

This \$80 billion firm is not an oil producer. In reality, the company has no direct exposure to commodity prices. The primary role is to transport oil and gas from the source through its vast pipeline network. Enbridge powers and warms people in Canada and the United States.

There are occasional mishaps in pipelines, although the network is safer and more cost-efficient when transporting energy rather than freight trains.

Enbridge makes money strictly from this mode. A prolonged period of depressed energy prices, however, reduces volumes and revenue for pipeline operators.

You can consider [the business of Enbridge](#) as a regulated monopoly. The gas distribution system is a utility, while its pipelines serve as a standardized backbone infrastructure of the energy transportation industry in North America. More so, the contracts with clients are long-term.

Invest in a lasting business

Another [safety net during a market crash](#) is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). Apart from being the largest telecom company in Canada with its \$54 billion market capitalization, it's operating in a near monopoly. There's hardly a threat from new entrants.

All of BCE's products and services (wireless, wirelines, and media) are making money. The voice and data services, as well as the broadband internet, are necessities, not luxuries. People and businesses in Canada need them every day.

Together with rivals **Rogers Communications** and **Telus**, these three telecom providers rule 90% of the wireless market's revenue. But BCE's network boast of industry-leading speeds, while 99% of the country's population has access to its LTE wireless service.

Despite its leadership position, BCE continues to invest millions of dollars in its wireless network annually to improve performance and expand coverage. In addition to an investment-grade balance sheet, BCE has economies of scale, and the services it provides are recession-resistant.

Finally, Enbridge and BCE average a hefty 5.8% dividend yield. A \$100,000 investment in each stock would produce nearly a total of \$1,000 in monthly passive income.

Growing income in a market crash

In preparing for a market crash, invest in companies that are enjoying profitable growth because of sustainable businesses. You can avoid the shock if you own shares of Enbridge and BCE. You have two reliable sources of growing income regardless of the market environment.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. NYSE:ENB (Enbridge Inc.)
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