



Stock Market Crash: How to Respond to Falling Rates Today

Description

The S&P/TSX Composite Index was down 900 points in early afternoon trading on March 16, exacerbating the market crash. Investors are wrestling with how to respond to this [global market instability](#). Stocks had bounced back from a steeper fall earlier in the day, which triggered a circuit breaker.

It marks another brutal start of the week for markets, as Western governments are ramping up their responses to the COVID-19 outbreak. Major cities like Los Angeles and New York have moved to shut down bars, restaurants, and entertainment sites with large gatherings. Central banks are moving to respond to this market crash.

Market crash: Central banks are taking action

On March 15, the United States Federal Reserve decided to make a downward move before its next major meeting in response to the stock market crash. The Fed dropped its benchmark rate to 0-0.25%, introduced a fourth round of quantitative easing totaling \$700 billion, and eased reserve requirements on thousands of banks to provide relief to the bleeding economy.

Late last week, the Bank of Canada slashed the benchmark rate by 50 basis points — mimicking an earlier move by the U.S. Fed. Finance Minister Bill Morneau has suggested that significant fiscal stimulus is forthcoming. The economic impacts from this crisis are incalculable, so investors should feel confident that we will experience a period of historically low rates in the near term.

Stocks are still suffering a broad retreat, but investors should keep an eye on companies that will benefit from this environment.

Real estate stocks

Canadian real estate was still reporting high activity as early as a week ago, even in the face of the market crash. However, investor should anticipate a knock-on effect for the housing sector. When

officials do get their hands on this crisis, the low-rate environment should continue to benefit this burgeoning market. The OSFI suspended an easing on the mortgage stress test, as these recent rate cuts will free up more room for borrowers.

Genworth MI Canada is Canada's largest private residential insurance provider. Its shares were down 10% in early afternoon trading on March 16. The stock has dropped over 25% over the past month. Genworth last paid out a quarterly dividend of \$0.54 per share. This now represents a tasty 6% yield.

Bridgemark Real Estate provides various services to real estate brokers and agents across Canada. The number of realtors under its umbrella has significantly increased as of its last quarterly update. Its shares were down 17% at the time of this writing. The stock last paid out a monthly distribution of \$0.1125 per share, representing a monster 11% yield.

Is gold still a trustworthy safe haven?

The spot price of gold enjoyed a huge run up when this stock market crash began weeks ago, largely due to the [COVID-19 outbreak](#), but this has changed in recent weeks. Gold fell below the \$1,500 mark at the time of this writing. There is speculation that investors are dumping gold for liquid assets to make up for market losses.

Kirkland Lake Gold, which has been one of the highest-performing gold equities on the TSX, was up 12% today. This indicates there is still some faith in the yellow metal as a hedge during this period. With rates plummeting and central banks taking more drastic measures, gold is still well positioned to attract interest for those seeking safety.

CATEGORY

1. Dividend Stocks
2. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/18

Date Created

2020/03/16

Author

aocallaghan

default watermark