



## Why the 2020 Stock Market Crash Is the Wealth-Building Opportunity of a Lifetime

### Description

We're only a few months into 2020, and already it's shaping up to be one of the most volatile years in financial history. 10% swings are becoming common, as investors scramble to make sense of changing market conditions.

In such an environment, most peoples' natural instinct is to panic. As an investor, you need to do the opposite. In fact, widespread panic is all the more reason to stay the course. The more investors pull their money out of the markets, the cheaper stocks will get. That means higher dividend yields and bigger returns on the inevitable upswing. In fact, if oil recovers and the coronavirus passes, this month will prove to have been the wealth-building opportunity of a lifetime. Here's why.

### Not all industries will actually be hurt by this

The most important thing to note about current economic trends is that they aren't bad for all industries. Dollar stores are a famous example of an industry that can thrive during recessions, as they profit from penny-pinching consumers. Another industry that can do well in recessions is utilities. Consumers don't cut out heat and light because they're feeling a financial squeeze. They'd sooner cut out other expenses. That's one of the reasons why **Fortis** managed to [grow its earnings in 2008](#) and 2009, when most companies were seeing their earnings decline year over year.

### Stock prices are falling even in industries that will thrive

As explained above, not all industries will be hurt by the market conditions we're seeing right now. In fact, some will benefit from them: dollar stores are a prime example. Despite this, nearly all stocks are seeing their prices fall. That includes companies whose earnings will be affected by this downturn and those that won't be. Obviously, some good companies are getting unfairly beaten down. So, stocks like Fortis, which were getting pricey before the crash, could be more desirable now.

## Eventually, we will recover

A final point worth bearing in mind about all this is that we'll recover sooner or later.

We don't know if it will be in a month, a quarter, a year, or even two years, but it will happen sooner or later. Once it does, even those stocks whose fundamentals were hit hard by the coronavirus will recover. If you have the stomach for it, airline stocks like **Air Canada** could be [good contrarian buys](#) — assuming you're willing to wait a year or two for them to bounce back. However, I don't think airlines and resorts are the best bets for everybody. It will be at least a few quarters before those industries recover, and most investors don't have the stomach for the volatility they'll face in the interim.

Utilities like Fortis seem to be the best bets for retail investors at the moment, since they're less volatile than the riskier contrarian plays available.

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