



How a State of Emergency Could Prolong the TSX Market Crash

Description

As the COVID-19 pandemic spreads pandemonium across global economies, Canada is stuck in a rut. Unemployment is soaring with over half a million filing for unemployment in the country. Despite the overall worsening situation, however, Prime Minister Trudeau insists that the situation is not bad enough for the government to take emergency measures to force people to stay at home.

You might be getting increasingly concerned about your [financial security](#) amid the market volatility caused by the coronavirus crisis.

Today I'm going to discuss how a state of emergency could prolong the market crash and a stock you can consider investing in to insulate your capital.

Provincial governments declaring emergencies

Nova Scotia became the latest Canadian province to declare a state of emergency. Gatherings of more than five people are completely off limits as per the announcement of the emergency. Premier Stephen McNeil is saying that the measure is necessary because people are ignoring the importance of social distancing at this time.

Nova Scotia police have been given the power to enforce social distancing. Individuals who continue to fail observing social distancing can be fined \$1,000. Businesses who fail to encourage the same are facing fines of \$7,500 according to the state of emergency.

Canada's stimulus package to counteract a recession

Prime Minister Trudeau insists that Canada should not declare a federal state of emergency. A state of emergency during which the government forces everybody to practice social distancing could result in a prolonging of the market crash. Trudeau has announced a stimulus package of \$82 billion to aid the Canadian economy in these challenging times.

A total of \$27 billion from the stimulus package will go directly to businesses and Canadian citizens to keep them afloat during this time to decrease the rampant unemployment. The main reason is to keep as many Canadians employed during this time as possible. The aid is going to help businesses subsidize their wages to keep them from going belly up.

The remaining \$55 billion will go toward the tax deferral system to further help Canadian citizens during this time. Keeping more cash in the market at this time can help the overall economy recover faster as things eventually move towards normalcy.

Options to consider at this time

During a recession, the worst fears are losing your capital due to investments in falling stocks. I think it is necessary to consider defensive options to invest in so you can insulate your capital from these turbulent times. Consider investing in a stock like **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)).

The telecom sector is one of the industries likely to weather the storm of a recession better than most others due to the vital role it plays. No matter how bad the economic situation becomes, people still need access to the internet, and they need to communicate with each other.

BCE is the leading telecom company in the country, with mobile and wireline networks spanning across Canada. It is one of the most successful operators in the industry. BCE has constantly strived to improve its infrastructure over the years.

Its latest projects include offering its customers fiber-to-premises and plans to delve into the 5G sphere that will be the next big thing for global telecom.

As the coronavirus pandemic continues to wreak havoc, BCE will be under pressure to reduce its bills. While the company could lose a share of its profits, it's still likely to generate significant revenue during the crisis.

Foolish takeaway

At writing, the stock is trading for \$54.96 per share. The stock is up 18.35% from March 23, 2020, as the overall stock market experiences a slight recovery from the overall market decline.

Investing in defensive stocks is the best possible way to secure your financial situation in these uncertain times.

A stock like BCE paying you 6.06% dividends could be a fantastic equity to consider adding to your portfolio to [insulate your capital](#).

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