Mind-Bending Stat Reveals How Bad This 2020 Market Crash Really Is

**Description**

The world is starting to feel the initial shock of the coronavirus-induced recession. Expect a deep and unprecedented one since the Great Depression. This is a peacetime recession where economies are beleaguered to defeat the pandemic.



One financial adviser is saying the market crash of today is going to be a key risk aversion reference point from here on. The event will be in everyone's mind for a long time. The **S&P 500** has never dropped from the peak at a rapid pace.

## Fastest drawdown

The February to March 2020 selloff was the fastest 30% drawdown in history. In only 22 days, the stock market was cut by a third. The nearest pullback took 23 days and happened back in February 1934 during the Great Depression. Notably, the 2008 Financial Crisis did not record such mind-bending statistics.

## Recession fears

The **Toronto Stock Exchange** (TSX) is currently outperforming Wall Street. However, it doesn't mean that Canada's main stock index is not in a bind. The tumbling crude prices are compounding the woes in North America. Even with a fiscal stimulus package, stock movements are very erratic.

The consumer discretionary, energy, financial, and healthcare sectors declined again when the market closed on April 3, 2020. Many top names such as **Bank of Nova Scotia**. **Fairfax**, **Suncor**, and **Toronto-Dominion Bank** posted losses.

## Struggling energy stock

The TSX managed to post gains for two straight weeks now. With oil price surging of late, **Cenovus Energy**

(TSX:CVE)(NYSE:CVE) was able to gain headway as the shares advanced 3.28% to finish the week. The news that Saudi Arabia and Russia are cutting oil production by 10 million to 15 million barrels per day was the boost.

Still, Cenovus is losing by 73.3% year to date. For the second time, this $4.25 billion oil and gas integrated company has announced that it will curb spending by an additional $150 million. From the original guidance of $1.3 billion to $1.5 billion, the total capital spending for 2020 is down to $600 million.

COVID-19 is hurting global energy demand. Similarly, the outlook for exploration and production appears gloomy. With Cenovus restricting its operations, the upstream activities will be diminished significantly.

Cenovus ended 2019 with $186 million in cash and cash equivalents, while total long-term debt stood at $6.7 billion. To lift the pressure off the cash balance, the company is temporarily suspending its quarterly dividend payout.

The Canadian industry is facing a situation in which it could be curtailing up to 1.7 million barrels daily, or roughly one-third of the country’s total production. The reason is that storage capacity is running out. Cenovus is supporting whatever the Province of Alberta decides to avert a storage crunch.

## World economy at a standstill



The World Health Organization (WHO) is calling on advanced economies to help emerging markets and developing countries to survive the health and economic impacts. But the International Monetary Fund (IMF) and the World Bank (WB) have stern warnings.

The IMF managing director said this recession is far worse than the 2008-2009 global financial crisis, while the WB president sees a major global recession. Certainly, tough times are ahead for everyone.

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