The 2020 Market Crash Could Change How Canadians Invest Forever

Description

The cannabis industry was the shellshock in 2019. Industry leaders like **Canopy Growth** and **Aurora Cannabis** promised the moon but instead, investments went up in smoke. No one was expecting 2020 to bring a bigger storm.

The coronavirus market crash is not industry-specific but a massacre of all sectors. With many people losing money in the stock market, will it change how Canadians invest forever?

All-time low

Your answer is as good as mine. The impact is so severe that it's changing the way people live. Social distancing and stay-at-home are the repeated warnings of governments.

Many businesses are in danger of closing while thousands of workers are out of jobs. The Canadian government is doing all it can to keep the economy going and minimize the death toll. At this point, confidence in the market is at an all-time low.

Tech superstars

The banking sector appears rock steady while the oil industry is gasping for breath. In the technology space, 2019 superstars **Shopify** (TSX:SHOP)(NYSE:SHOP) and **Real Matters** (TSX:REAL) are riding the headwinds.

Shopify, the cloud-based multi-channel commerce platform, was one of the top performers last year. This $58.74 billion tech marvel returned 174.27%. As of this writing, the stock is trading at $504.52. Had you bought the shares on December 31, 2019, and still own them today, you would be losing by only 2.28%.

This year, however, the performance might not be as stellar as the previous year. The e-commerce platforms need to suspend its full-year guidance due to the coronavirus outbreak. Management is aware of the market uncertainty since the duration and magnitude of the epidemic is undeterminable.

Cash-wise, the company has $2.5 billion, although diminished activities, as well as subscription downgrades, could lessen the cash flow. Shopify has set aside $200 million to extend loans to merchant customers during the pandemic.

On a sad note, thousands of merchants were terminated for reasons like false COVID-19 claims and unfair prices. Shopify wouldn't allow potential reputational risks.

Real Matters was a better performer than Shopify in 2019. The total return of this $1 billion provider of technology and network management solutions was 284.55%. Had you bought the tech stock at the end of 2019, you would have zero gain and zero loss today.

As of mid-March 2020, the company continues to receive record daily order volumes in both appraisal and title businesses in the U.S. The operations, thus far, are still performing well considering that Real Matters caters to the mortgage lending and insurance industries.

The company remains upbeat about the market opportunity in the United States. Given the low-interest-rate environment, there is the potential for refinancing U.S. mortgage worth $14.4 billion. Of course, things could change for the worse now that the U.S. has become the epicentre of COVID-19.

Real Matters remains stable and could weather the storm. As of December 31, 2019, the company has more than US$80 million in cash with zero liability.

Cautious investing

One way or another, Canadians would be cautious investors from here on. People will seek safe assets like bonds or keep cash instead. There’s no telling yet the outcome until the coronavirus is contained.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. TSX:REAL (Real Matters Inc.)
3. TSX:SHOP (Shopify Inc.)

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