The Real TSX Stock Market Crash Hasn't Even Hit Yet

Description

To say that it's been a rough few weeks on the markets would be putting it mildly. But what if the current market oscillations were just a taste of what's to come? Investors may want to forget the market crash and focus on an even worse threat — such as a cheap money bubble caused by repeated rate cuts.

Right now, central banks are pumping up that bubble. But if the coronavirus doesn't burst the bubble, something else will. Either way, that bubble will burst. When it does, it will be a day of reckoning for investors everywhere. The current volatility, with its historic troughs and heroic peaks, could pale by comparison.

Get ready to hold through a deeper market crash

Think buying and holding through the coronavirus market crash has been tough? Things could be about to get a whole lot tougher. If in doubt, think "diversification."

This is the one way to beat a market crash — that, and holding on. Any stock portfolio would be strengthened by a mix of big, blue-chip heavyweights such as **BCE**, **Fortis**, **CN Rail**, and **Barrick Gold**.

Of course, there's another way to play this. Adventurous investors may even consider shorting the **TSX Composite Index** itself. Granted, that's not the Foolish way of doing things. But betting on a global crash could be the difference between a millionaire and a billionaire retirement.

Shorting the **TSX Index** could suit a bearish investor who doesn't trust the coronavirus rally and sees a steeper decline coming.

The low risk forever investor may want to tough it out with that Fortis-BCE type of mix, meanwhile. All four of those stocks listed above are classically defensive for different reasons. With BCE, you have telecoms and home entertainment hegemony.

With Barrick, you've got gold mixed with dividends. Fortis is a traditional play on must-have utilities, while CN Rail is a dividend-paying proxy for the economy itself.

Safety is key to surviving a market crash

Another classic defensive play is apartment REITs. However, this asset class is being shredded by the coronavirus market crash. The current situation has been especially bad for real estate investment trusts.

REITs are traditionally broken down into four main categories: residential, or apartment REITs; office and retail REITs; hotel REITs; and healthcare REITs.

There's a real risk at the moment that REITs could start paying passive income in the form of stocks, allowing this asset class, traditionally illiquid, to better maneuver the currently high-risk market. It would also keep investors on the hook. However, the general defensive dividend investor should stick to healthcare REITs at the moment, if at all.

The bottom line

Bearish investors may want to forget the coronavirus market crash. A far worse situation could be coming if a cheap money bubble bursts.

Buying stocks like Fortis, BCE, CN Rail, and Barrick can help stabilize a portfolio, however. All four stocks pay reliable passive income and satisfy a low-risk, buy-and-hold strategy.

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