



## Market Crash 2.0 – Are You Prepared?

### Description

Reality is beginning to set in. We are midway through earnings season and investors are getting a glimpse of the [economic pain](#) ahead. In fact, we may be on the verge of another crash that will pave the way for a new bear market. If investors thought the first quarter was rough on financials, wait until next quarterly results start to roll in. There is no way to accurately predict how long the economic fallout will persist, and to what extent.

In the event that we are due for another big drop, it is time to take stock of your portfolio. In the first market dip this past March, grocery and gold stocks outperformed. Considering we are dealing with an extension of the pandemic, the factors that led to previous outperformance should continue.

Taking this into consideration, the following stocks are likely to outperform if the **TSX Index** suffers another market crash.

### A market crash hedge

Increasing your exposure to gold is a good way to hedge against another big drop. In times of volatility and when the economy struggles, gold historically outperforms. This year has been no different. The price of gold is up 12.50% and producers such as **Newmont** ([TSX:NGT](#))([NYSE:NEM](#)) are benefiting.

When gold enters a bull market, producers outperform. Case in point, Newmont's stock is up 65% year to date as the company is highly profitable at gold prices of \$1,700 per ounce. The company generates an additional \$400 million in free cash flow for every \$100/oz increase in gold price. The Feds have been pumping an unprecedented amount of cash into the economy. Given this, the expectation is that [high gold prices](#) will be supported for some time.

That being said, a COVID-19 induced market crash is a threat to all companies – even miners. Newmont had to suspend operations at several mines due to mandated shutdowns related to COVID-19.

Despite this, only about 75% of Newmont's production was impacted, as several countries deemed miners essential services. With the recent news that Newmont expects to begin ramping up operations at its flagship Peñasquito mine on May 18, more than 98% of production will be back on track.

As one of the world's largest producers, Newmont is the perfect hedge against another market crash.

## Canada's best grocer

If there was one industry that re-established itself as a premier defensive play, it was the grocery industry. Although mitigation efforts varied across provinces, grocers were unanimously deemed an essential service. Likewise, even though several other industries are outperforming year-to-date (YTD), most still suffered heavy losses at the peak of March's market crash.

The only one that didn't? Grocers. The industry remained relatively stable, yet there is one stock that stands out above all others – **Metro** ([TSX:MRU](#)). Metro is one of the country's leading grocers and is up 8.04% YTD. This is tops in the industry.

This isn't earth shattering, but it more than doubles the performance of the TSX Index which is down by approximately 15% YTD. More importantly, however, was Metro's performance at the peak of the last market crash.

Metro was the only grocer not to suffer double-digit losses. It held up incredible well, losing just under 8% at its worst. At the same time, the competition was sitting on losses in the low-to-mid teens.

If you are looking to protect against a second or third wave of COVID-19 imposed shutdowns, there is arguably no safer place to invest.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSE:NEM (Newmont Mining Corporation)
2. TSX:MRU (Metro Inc.)
3. TSX:NGT (Newmont Mining Corporation)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

## Category

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks

## Date

2025/08/14

## Date Created

2020/05/17

## Author

mlitalien

default watermark

default watermark