



## Market Crash 2020: Already Over or Just Starting?

### Description

At writing, the **S&P/TSX Composite Index** has recovered almost 36% from its market crash bottom in March 2020. With a relatively healthier trajectory for the index, there is a chance we might not be out of the woods just yet.

The market seems to be regaining a sense of stability with the government's intervention through its relief packages for the economy. There is, however, much turbulence under the seemingly calm market right now. It can unearth any time and cause the market to crash once again.

Canada's benchmark stock index has been quite weak for several weeks. It is entirely possible that we can see another drastic plunge if we do not see any good news regarding the global health crisis caused by COVID-19.

I will discuss why you should continue to remain cautious during this time, and a stock that you could consider adding to your portfolio to protect your capital from another decline in the market.

### Uneven index

Although the broader index might be recovering from its bottom, however, several underlying companies are still struggling. A host of sectors in the economy are still vulnerable right now. Assisted living stocks, retail stocks, and commercial real estate stocks are beaten down right now.

Banks and insurance companies are still feeling the pressure from the lockdown and all that it entails. The [energy sector](#) had a horrific run of luck due to the oil price decline. The pandemic came along to make things worse.

With plenty of bad news out there, it might seem surprising that the index has been on such a positive trend in the last few weeks.

## Tech and gold

The recovery we are witnessing is a result of various factors. Gold prices keep rising during the lockdown as the fear of inflation keeps terrifying investors. Gold is the go-to safe-haven asset during crises. The result is an excellent performance for mining stocks.

**Shopify** has been a significant influence on the recovery of the index. The tech giant continues to soar as consumer spending increasingly shifts to the digital world. It has become the most valuable company in the country due to its [recent rally](#).

If either of the two sectors takes a downturn, it can crumble the **TSX Index**, and we can see plummeting stock prices again.

## Fear of another wave

While not a guarantee, there is fear that there might be a second wave of infections that can happen. Efforts to flatten the curve have slowed down the rate of the spread. People are beginning to become optimistic about life returning to relative normalcy, and stocks have priced in those expectations.

If there is a second wave of infections, however, we might go through all of this again. It will not be surprising to see investors turn bearish if there is another spread of the virus.

## Recession-resistant stock

In times of uncertainty, investors might feel inclined to come out of the stock market to protect their capital. It is a natural reaction. However, investing that money in a stock that continues to perform well during a recession can be a better way to use your funds.

The **Waste Connections Inc.** ([TSX:WCN](#))([NYSE:WCN](#)) stock, for instance, can be an excellent stock during a bearish market. The \$34.09 billion market capitalization company provides waste-related services to customers across North America. It generates 85% of its revenue through integrated waste-related services in the US.

During the last five years, the company has consistently increased its income. Even during a market crash, the company's revenue is expected to remain relatively stable due to its non-cyclical nature. Waste management is an essential service, and the industry keeps growing.

While investors can't expect explosive returns from the stock, it can provide them with effective insulation during volatile circumstances in the market.

## Foolish takeaway

At writing, the stock is trading for \$129.67 per share and pays a meager 0.80% dividend that can grow your capital. I think it is essential to remain cautious as we watch the situation unfold.

Investing some of your funds in recession-resistant assets like Waste Connections could protect your capital.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:WCN (Waste Connections)
2. TSX:WCN (Waste Connections)

## PARTNER-FEEDS

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

## Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

## Date

2025/08/18

## Date Created

2020/06/01

## Author

adamohtman

default watermark

default watermark