



Market Crash 2020: Don't Believe the Recovery

Description

After a horrendous start to the year due to COVID-19, Canadians have begun to take deep sighs of relief over May. A market rebound seems well on the way. After crashing through March and April, the **S&P/TSX Composite Index** is up by more than 35%.

Investors are flocking back to stocks like they've forgotten that we saw a decline of over 40% across the board. Some sectors of the market saw a worse decline during the same period. Investors are taking advantage of depressed asset prices as the market rallies. However, they need to remember that there is no sign of improvement regarding the pandemic.

While I would also love to believe that everything is returning to normal in terms of the stock markets, things might worsen. I will discuss why you shouldn't become complacent due to the current rally, and how it is critical to find a long-term winner for your investment portfolio.

Market crash 2.0

There are several signs that another market meltdown is on the way. The rebound might suggest a hopeful stance, but there is more to it than what is apparent. The previous collapse in March was devastating, since it did not just affect stock prices. It laid waste to businesses and industries across sectors. Millions of people lost their jobs and the means to support their families.

With no visible end to the pandemic, more businesses might suffer due to the devastation that the novel coronavirus brings. More companies will make tough decisions about their employment situation. Another market crash is on the cards, as investors lose faith in the markets.

Real rebound is far away

A genuine rebound in the markets cannot happen unless we see a proper end to the pandemic. Governments are under a lot of pressure due to the disease. The federal government is pushing resources to [provide aid to Canadian families](#), companies, and industries.

All of this is happening with taxpayer money, and Canadians will feel the pressure of this moving forward. The massive debt might create more issues in the future. The pandemic itself is unlikely to end soon. Some analysts believe that it could take until 2024 for all the waves of this disease to end. We might see several waves of the disease and market crashes until that happens.

Find a long-term winner

While it is not something you would like to hear, I think it would be best to prepare yourself for the long haul. In the event of another market crash, there aren't many bright short-term prospects. I would advise investing in a portfolio of stocks that can provide you with long-term profits through dividends and capital gains.

Investing in a stock like **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) can help you see your capital grow over the next few decades. While the stock's value appreciates, you can bring in cash through its dividends, regardless of how the market fluctuates. A healthy dividend stock portfolio can help you avoid being worried about another crash.

Suncor is different from most other stocks in the industry due to its fully integrated operating structure. When the oil and gas sector is down, other areas of Suncor's operations can pick up the slack and keep the revenue flowing. When the markets are doing better, it can help Suncor expand further in a cheaper market.

Although Suncor has inherent insulation compared to the rest of the industry, investors tend to treat it like others, which makes Suncor undervalued. At writing, the stock is trading for \$23.85 per share, and it is 58% above its March 2020 low.

Foolish takeaway

It is crucial to create a long-term, dividend-paying stock portfolio to deal with a possible series of market crashes. Suncor is a dividend stock that can offer substantial growth of wealth through [capital appreciation](#) and passive income through dividends. I think it could be the ideal stock to begin building a reliable dividend-income portfolio.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

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1. NYSE:SU (Suncor Energy Inc.)

2. TSX:SU (Suncor Energy Inc.)

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