



2 Industries That Might Not Rebound After COVID-19

Description

One of the worst by-products of the market crash we experienced due to COVID-19 is uncertainty. Many investors engaged and participated in mass sell-offs, because they weren't sure about the market's recovery. Even investors that held on to their portfolios did so with apprehension that they might lose everything in the pandemic. But thankfully, the market has recovered greatly. It still isn't near its pre-crash levels, but it's getting there.

Not every sector is recovering at the same pace, but most of them are recovering. That can't be said about two of the worst-performing industries at the moment: airlines and oil — two of the worst victims of the pandemic.

Airline sector: Doomed to crash

The airline sector is suffering globally. Many experts were sure that we would see many bankruptcies in the industry all around the globe. That prediction came true to an extent, but relatively few flagship carriers went under. The world is cautiously opening up again; the airlines are starting on their long and tedious road to recovery.

But a slow recovery is not as same as a swift rebound. The airline sector has suffered significant losses, and our own flagship carrier is bleeding millions every day. Even if airlines do recover in three to four years, the business might never be the same again. Even when the pandemic is entirely over, its economic repercussions might prevent the airline industry from seeing the pre-crash level of activity.

Oil industry

This pandemic also instigated a historic event (i.e., the oil price hitting negative for the first time in living memory). Due to a worldwide stay-at-home trend, the demand for oil dried up, which resulted in unused crude filling the reservoirs to the brim. This forcefully pushed oil prices down to historically low values.

The question is, will the oil sector rebound once the pandemic is over? Inevitably, as the world opens up again, the demand will reach its pre-crash levels sooner or later. But it might not happen as swiftly

as many people think it would. The pandemic's economic repercussions will keep a lot of people from traveling unnecessarily for a long time.

Also, many businesses are scaling back their traveling and transportation expenses, focusing instead on remote meetings and communication. A lot of businesses have already adapted to the work-from-home situation. They may continue to do so for a while, even when the pandemic is over, to preserve resources.

The low rebound prospects are prevalent in the whole industry. Even the [transportation-focused TC Energy \(TSX:TRP\)\(NYSE:TRP\)](#) is finding it hard to rebound. The company is still trading at a price that's 8.5% down from its start-of-the-year value, which is significantly better than many other companies in the sector.

This aristocrat, with 19 consecutive years of dividend increases under its belt, hasn't slashed its dividends yet, which is a good sign, especially when you consider the stable payout ratio of 69%. The company is currently offering a juicy yield of 5%. Whether it will completely rebound and how long will that will take is hard to predict. TC Energy didn't offer strong and consistent capital growth in the past.

So, even if its [dividends stay](#) safe, investors would be satisfied with this company. That will make it an outlier from the industry that might see a fair bit of trouble in the future.

Foolish takeaway

Oil and airlines aren't the only two sectors that are having trouble rebounding. The financial sector and real estate might also see some trouble. But there are no major hurdles on their road to recovery, at least in the foreseeable future. But the case for oil and airline industry is different. These two sectors might take a lot of time to rebound or not rebound at all for at least a couple of years.

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