



Will the Market Crash After Rising Case Counts in the United States?

Description

As we see coronavirus cases rising rapidly in several states, it's natural to wonder if we might have another market crash.

These rising case counts are coming on the back of reopenings that many experts criticized for being done too quickly. Regardless of the reasons for the rise in case counts, the fact of the matter is that the numbers are skyrocketing.

Some governors have even called for the reopening plans to be paused. Although it remains to be seen what effects that might have for mitigating the effects. In Texas, for example, restaurants can still operate at 75% capacity, while bars can operate at 50%.

Merely pausing the reopenings may not be enough to stop the increase in cases. That could lead to another shutdown — as much as a lot of people and politicians don't want to have to do that, especially before the fall.

Regardless of the policy that emerges, stocks are forward-looking. So if things continue to get worse, I wouldn't be surprised to see another market crash.

TSX stocks in a market crash

So far, in Canada, we continue to make progress in slowing the spread. However, some of those worst hit states give us strong evidence of what can happen if we become complacent.

Furthermore, even if we continue to mitigate and see new cases drop, if the United States suffers a big enough setback, the Canadian economy will inevitably be affected too.

So as we monitor the situation down south, I would advise investors to prepare for what may be coming next.

Stocks to buy ahead of a market crash

One of the best investments you can make today would be gaining some exposure to gold. Gold is at its most attractive when interest rates are low, and money is being printed rapidly. This has been the case since the start of the pandemic.

We already know that [interest rates](#) are likely to stay near zero until at least the end of 2022. And if we continue to see issues with rising case counts, it's not out of the question that the U.S. is going to need to print more money.

Some analysts even predicted early on that government stimulus could lead to [\\$3,000 gold prices](#). So more government stimulus would almost certainly send gold stocks higher.

The environment for gold is therefore likely to stay very accommodative for the foreseeable future.

Top TSX gold stock

When gold prices are rising, gaining exposure through a gold stock that's leveraged to the price of gold is one of the best ways to get invested.

There are several high-quality gold stocks on the **TSX**. However, the one with the most potential over the next few years is **Equinox Gold Corp** ([TSX:EQX](#)).

Investors should note that gold stocks could potentially pull back initially in a market crash. This usually happens as investors look to sell any assets that will help raise cash.

If that were to happen in the next market crash, I would definitely use the opportunity to increase my position. However, I wouldn't put off buying the stock in hopes of that materializing.

Equinox is one of the most attractive gold stocks to buy right now because of its rapidly growing production, high-quality operations, and significant margins.

The company has been improving costs with scale. It's also been seeing a major tailwind recently as the Brazilian real and Mexican peso weakened against the U.S. dollar.

Another factor that Equinox has going for it is its transformation to an intermediate gold producer. This brings with it a much higher valuation multiple, which is why we've started to see a major rally in EQX shares again as of late.

This rally is adding to the impressive gains we've seen in the last 18 months. Since the start of 2019, EQX shares have gained 194%.

And with its massive push to increase production, at a time when gold prices continue to tick up, it looks as though Equinox is nowhere near its peak.

Bottom line

It's not out of the question that we'll see another market crash and more turmoil as the coronavirus situation worsens. . So I'd plan for that now and buy a top gold stock like Equinox.

CATEGORY

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

TICKERS GLOBAL

1. TSX:EQX (Equinox Gold Corp.)

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Author

danieldacosta

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