



Caution: The Next Market Crash Could Happen Very, Very Quickly!

Description

Canadians witnessed one of the steepest drops in the market this year after a decade of fantastic results. Courtesy of the COVID-19 pandemic and its effects on the economy, the **S&P/TSX Composite Index** nosedived by 37.43% from its February 2020 peak to bottom out on March 23, 2020.

The market rebounded soon after, since investor panic began to subside, and the sell-off frenzy ended. At writing, the index is back up by more than 37.53%, but its recent rally began showing signs of the recovery slowing down on Tuesday, June 9. The S&P/TSX Composite Index is down by almost 10% from the start of the year. Is this a worrying sign?

The possibility of another crash

The stock market is primarily relying on investor optimism to continue its recovery. As the economy slowly opens up across the country, there is a more positive air about everything. The country [added 289,000 new jobs](#) — a far cry from the loss of 500,000 additional jobs that analysts predicted during this time.

Despite the increase in jobs and the economy gradually reopening, there is a nagging issue that should keep investors on their toes. Right now, the market is only looking in decent shape, because investors have become calmer. If cases begin to ramp up in a much-feared second wave of infections, we might see the market plummet again.

If it happens, the decline will be swift. People are already on edge due to the devastation they have seen in the past several months since the onset of the pandemic. Any adverse development in COVID-19 will set off a very short fuse.

Defending your capital

I have considered several stock markets and how they performed during the COVID-19 bear market that managed to cause the S&P/TSX Composite to dip so low. Among them, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#))

) caught my attention.

The darling tech stock has been a beacon of hope and strength for investors. During these challenging times, the star performer continued to excel and baffle investors in the stock market. While the entire market dipped by almost 40% between the start of the year and its March 23rd bottom, Shopify gained 2.31%.

Even though the gain is insignificant, the fact that the stock completely went against the broader market shows how resilient it is. At writing, the stock has rallied to a further 130.68% growth from its price on March 23, 2020. This premier growth stock does not seem to let anything affect its growth or shake investor trust.

Foolish takeaway

The market is worried about a second wave that can devastate stocks across the board. The economic toll of another spread will be huge. Shopify continues to soar, as it announces several new developments and ideas that are helping businesses excel during this time.

The crisis has accelerated the trend towards e-commerce, and Shopify is in the perfect position to help businesses around the world make the migration. I think that if you have substantial capital set aside, Shopify could be *the* worthwhile investment to [watch your capital grow](#) in case of another market crash.

CATEGORY

1. Coronavirus
2. Investing
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2. TSX:SHOP (Shopify Inc.)

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