



Yes, Another Market Crash Is Right Around the Corner

Description

Another market crash is almost always a certainty. Many experts predicted that the pandemic's economic repercussions would be long lasting and a recovery would be slower. That would make the March crash a trailer for what is yet to come. It's yet to be seen whether we will experience a recession or another depression, but the possibility of another market crash is budding.

One of the reasons for that is, many companies will be declaring the results of their second quarters, giving good (but mostly bad) news to their investors. If a lot of companies fall below analyst predictions, another sell-off frenzy might ensue, as some investors might lose even more confidence in the stock market.

Apart from managing your portfolio, getting rid of the weak links, and hedging, what you can do to prepare for another crash is to identify prospects. Many ripe, overpriced companies that have already recovered (partially or fully) from the March crash might be worth investing in when their value is pulled down a fairer territory.

An energy company

Northland Power ([TSX:NPI](#)) is [a decent energy stock](#) that showed a fantastic recovery from the previous crash, and it's already 7.3% higher than its pre-crash value. This kind of recovery, and the fact that Northland is a power-related company with a diverse portfolio of production facilities (natural gas, wind, and biomass), makes it an excellent, safe stock to anchor your portfolio for another crash.

Another fact is that the company did crash over 35% in March, so if it falls that much again in another crash, both its valuation and dividend yield, which is currently 3.44%, will become significantly more enticing. But while its dividend is adequate, it's merely the cherry on top. The actual sundae is the growth Northland comes with.

The company returned almost 180% in the past five years, resulting in a juicy five-year CAGR of 22.8%. It has a stable balance sheet and a decent cash reserve to see it through the turbulent times.

A waste connection company

Another growth stock that showed amazing recovery after the crash, and is currently overvalued is **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)). It's one of the [fastest-growing](#) solid waste connection and management companies and operates in 42 U.S. states as well as six Canadian provinces. It's also a leading player in non-hazardous oilfield waste treatment.

Waste Connections is a Dividend Aristocrat, with a decade's worth of increasing payouts under its belt. It's also an impressive growth stock, with five-year returns of almost 200%. The company is currently overpriced and doesn't have a very tempting yield (0.75%), but if another crash comes and it falls 26%, as it did before, you will have a good opportunity to add this dependable growth stock to your portfolio.

Foolish takeaway

It's hard to predict whether another market crash mimics the patterns of the previous one or not. It's possible that since the economy is already weak, and more companies are recovering, not re-growing, the next crash could be even more disastrous. But it's also possible that people might not be so prompt to sell their stakes, making the next crash relatively tamer.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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2. TSX:NPI (Northland Power Inc.)
3. TSX:WCN (Waste Connections)

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