Yes, the Stock Market Could Crash Again: Here's How I Would Invest $6,000

Description

Financial markets across the globe have recovered most of their lost ground. However, the recovery in the stock market isn't backed by improving fundamentals. With tonnes of uncertainty, a high unemployment rate, weak economic data, and rising coronavirus infections, it isn't hard to gauge that a stock market crash could be near.

Even if the stock market doesn't crash again, high volatility could lead to knee-jerk reactions, which can be avoided. Here's how I would invest my $6,000 before the stock market crashes again.

Buy a strong dividend-paying utility stock

The utility companies are known for their ability to retain value and consistently pay higher dividends. I would bet on **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) to protect the downside risk and earn steady dividend income.

The company has consistently performed well and has doubled in the last five years. The **S&P/TSX 60 Index** has increased by 16% during the same period.

Algonquin Power & Utilities owns diversified utility assets that help the company to generate predictable and growing cash flows irrespective of economic situations. Moreover, it also owns renewable assets that are supported through long-term power purchase agreements.

Its dividends are very safe and could continue to grow in the future. The company's rate-regulated utility assets and resilient renewables business should support the company's cash flows and, in turn, its payouts. The company has raised its dividends for 10 years in a row and offers an attractive forward yield of 4.8%.

Invest in Canada's top company

Shopify (TSX:SHOP)(NYSE:SHOP) remains the top TSX stock to invest in creating wealth. The e-commerce company has made investors very rich and could continue to do so in the coming years.

Investors should note that economic downturns or rising coronavirus cases are unlikely to hurt its stock, as a surge in e-commerce activities in North America acts as a long-term tailwind. Besides, the recent pullback in its shares presents a good entry point.

Its revenues are growing faster than its expenses, which is encouraging. Besides, the addition of high-margin products and services bodes well for growth.

Through partnerships with the world's leading companies like **Facebook** and **Walmart**, Shopify is adding newer sales channels. The addition of new sales channels should help in driving its merchant base and accelerate the demand for its platform and other digital products.

Shopify's market share has steadily grown in the past several years and could continue to expand in the future, driving its stock higher.

Rely on this top defensive stock

A stock market crash or economic downturn is unlikely to have much of an impact on the shares of **Metro** (TSX:MRU). The food and pharmacy retailer should continue to witness steady demand and is likely to generate consistent growth.

In the most recent quarter, Metro's revenues rose nearly 8%, reflecting sustained momentum in the food and pharmacy same-store sales. Meanwhile, its earnings marked double-digit growth, which is impressive. Though Metro stock is not risk-free, its low beta indicates that wild market swings shouldn't impact it much.

Metro is a Dividend Aristocrat and has raised its dividends for 26 years straight. Sustained demand for its products, expansion of its e-commerce platform, and a decent dividend yield of 1.5% make it a must-have stock in your portfolio for safety and growth.

Bottom line

So, if you're worried about another market crash, investing in these three TSX stocks is probably the best option. Buying a mix of growth, income, and defensive stocks should help in diversifying risk and boost returns.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:SHOP (Shopify Inc.)

3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:MRU (Metro Inc.)
5. TSX:SHOP (Shopify Inc.)

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Date
2025/08/26
Date Created
2020/07/22
Author
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