



Be Prepared for the Stock Market Bubble to Burst

Description

What is the probability of the [stock market bubble](#) bursting any time soon? Leading investment experts and billionaires such as Warren Buffett, Mark Cuban, Jeffrey Gundlach, Howard Marks, and Jim Rogers all agree that the U.S. stock market will crash again.

A disconnect between surging stock prices and a declining economy is creating a bubble. The rally is superficial in that the market will eventually crumble — and it could be worse than the March 2020 carnage.

Great shape

The **Toronto Stock Exchange** (TSX) is behaving similarly. Canada's main stock market index is flashing great shape after sinking to a low of 11,228.50 on March 23, 2020. As of July 20, 2020, the TSX is at 16,183.70 or a rally of 44.1%. The index is down by only 5.2% year to date.

While investor confidence remains high, the lingering pandemic is the needle that will pop the market bubble. Another grave concern is the expensive COVID-19 stimulus packages that will bloat Canada's budget deficit and cause inflation. The high unemployment rate needs to temper too in the months ahead.

Encouraging developments

Not everything is [bad news, however](#). A report across the border regarding a coronavirus vaccine coming out in five months is easing investors' concerns. **Moderna**, a clinical-stage biotech firm from Cambridge, Massachusetts, is starting Phase 3 trials of a vaccine later this month. About 30,000 will participate.

However, some experts are telling people not to keep their hopes too high because fast vaccine timelines are unrealistic. Adding to the good news is the increasing oil prices and global oil demand. Energy stocks **Cenovus**, **MEG**, **Vermilion**, and **Whitecap Resources** are advancing by 4% to 7%.

Even **Air Canada** is getting a big lift from the vaccine news. If it becomes available, the aviation industry could stage a dramatic rebound. Airline companies can hang on, resume operations, and avoid bankruptcy. Stocks will soar higher on pure speculations.

If you're looking to invest today and ride on the TSX's momentum, supply chain software provider **Kinaxis** ([TSX:KXS](#)) is the hands-down choice. This \$5.28 billion tech firm is leading the pack of top-performers. The shares are up 99.01% year-to-date. The stock price touched \$208.96 recently.

Many businesses tanked due to the COVID-19 crisis. It was the reverse for the Ottawa-based company because of the disruption in global supply chains. According to Kinaxis' CEO John Sicard, the business has never been this brisk. Since January 2020, the increase in user activity was 20%.

Kinaxis is unrelenting in boosting its artificial intelligence capabilities. The acquisition of Rubikloud paves the way for Kinaxis' entry into the enterprise retail industry. Rubikloud is an emerging provider of AI solutions in the retail and consumer packaged goods industries.

With an expanded ecosystem, Kinaxis will further cement its leadership position in supply chain management. Lockheed Martin and Unilever are among the top names using the company's cloud-based subscription software for supply chain operations.

Converging factors

Investors are advised to prepare for an impending market crash. The pandemic is not the only disruptive force in the ensuing months. There's also the upcoming U.S. presidential elections and the ongoing dispute between the world's two largest economies. With the converging factors, anything can happen.

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Date

2025/07/06

Date Created

2020/07/25

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