



Warning: Another Stock Market Crash Is Coming in 2020

Description

Despite the recent rally in stock markets since the crash back in March, the global economy is still in poor shape. Many are still unemployed, and businesses are still operating at reduced capacity.

This makes it almost guaranteed that we will see economic output far below capacity for some time.

The stock market has largely been unattached to economics lately. With almost all negative news seemingly ignored and markets leaning on positive news, it would be hard to tell looking at the stock market solely, that the economy is in the shape it is.

So, there is a strong chance of a shock to the stock market, as more poor economic numbers come out at the same time experts warn of a second wave of coronavirus.

And with some indices now at highs for the year, it's inevitable we will see another [correction in 2020](#).

Another market crash in 2020

There will almost certainly be another market crash in 2020. Not only is a second wave of coronavirus coming, which is expected to be worse than the first, but some countries haven't even managed to get out of the first wave yet.

The problem isn't knowing if there will be another stock market crash; the trouble is knowing when.

Predicting these types of black swan events and massive selloffs is next to impossible. And the problem with trying to time the market is if you get it wrong, you can miss out on more upside in the near term.

So, it's important to build a cash position ahead of the next market crash, but you'll also want to stay invested. Consider these investments, which are perfect for this environment.

Gold stocks for a market crash

Some of the best stocks to consider right now are gold stocks. At the same time that the entire market has been rallying, so too have gold stocks.

These are the perfect investments during tough economic periods, especially when tonnes of stimulus is needed to help solve the economic issues.

One of the best options for investors to consider is a basket of [gold stocks](#) by investing in the **iShares S&P/TSX Global Gold Index ETF (TSX:XGD)**.

The XGD is made up of several top gold mining stocks on the **TSX**. This is a great way to play the massive growth seen across the gold sector.

There's no guarantee these stocks won't also be partially sold off during a market crash; however, they will hold up better than almost every other stock. Furthermore, if they were sold off, that would be the perfect time to buy even more.

During the first market crash in February and March, the XGD declined by more than 30%. However, if you had bought as it was falling, you would have already made a tonne of money. The ETF has now more than doubled since the March lows as gold continues to climb.

Gold has been one of the only consistent assets to count on so far in 2020, and the major rally it's on is only the beginning.

There aren't exactly a tonne of great investments to make when stocks are near their highs at the same time that almost every company is being somewhat impacted. Gold stocks, however, are the one exception.

This is one of the best environments for gold stocks in the last decade. And what makes them even more attractive is, you can count on gold to continue to rise regardless of whether or not the stock market crashes.

Bottom line

Despite what the market looks like, the economy is in rough shape. Tonnes of stimulus has been needed, and it's likely we will continue to see more.

As this is the case, gold will continue to see its value increase. So, regardless of what happens in the stock market crash, the only asset I would consider buying today are stocks tied to gold.

It's a prudent investment, and one that will have huge growth potential for the next few years.

CATEGORY

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Author

danieldacosta

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