



Stock Market Crash Part 2: What to Sell and What to Buy

Description

Canadians are feeling pretty optimistic these days. Canada is opening up again to both countries and businesses. People are finally able to see some normalcy coming their way. Yet there are still some [economists](#) that warn not to get too comfortable — another stock market crash is all but imminent.

It unfortunately looks highly likely. There are a number of factors influencing this thought. First of all, the recent stock market crash back in March was triggered by two things: COVID-19 and the oil and gas war. This sent stocks plummeting. While economists predicted the latter, no one could have foreseen the pandemic. It caused countries around the world to pour money into economies, racking up debt it couldn't afford. Today, all the problems that existed before the pandemic are still around.

The pandemic and this yo-yo behaviour happening in the markets could last years. If a new wave happens, the markets will crash again. This will leave governments trying to pay down debt on a much slower basis than predicted. So, if you're looking to both take advantage and protect yourself during the next stock market crash, and the ones after that, here is what I would recommend.

What to sell

Anything trading high, speculative, or popular right now should be on your sell list. I'm not saying you should sell it immediately, but take a good hard look. Are these companies that are guaranteed to do well in the future? Especially during another stock market crash? If not, it's time to choose a share price that you would be comfortable selling at.

Take, for example, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). It's a hard stock to convince people to sell these days. However, I'm not saying it has to be forever. If you aim to sell around earnings, when the company almost always beats analyst predictions, then you should be able to sell at all-time highs. After that, the company share price usually dips again. Then you can either reinvest in the company or wait until the markets cool down to buy again.

What to buy

It doesn't just have to be about getting rid of things. Now and during a stock market crash is the perfect time to buy long-term hold stocks. If you do your research, you should be able to come up with a short list of stocks that you could jump on if the right share price comes along. Keep in mind, stocks aren't likely to drop by 30-40% like back in March, but a dip will happen again.

An example of a fantastic portfolio would be one that includes a bank stock, a utilities stock, and a growth stock for buy-and-hold investors. Canada's Big Six banks have been around for almost 150 years across the board. The banks have a long history of dividend payouts and share price increases that have remained stable. The banks have also rebounded quickly after a stock market crash. In my opinion, that would make **Royal Bank of Canada** a great option, as the country's largest bank by market capitalization. It still has about 15% of potential upside to reach pre-crash prices and a 4.63% dividend yield.

For a utilities stock, you can't go wrong with **Fortis**. Utilities companies keep the lights on, and have only slightly dipped due to the pandemic. Now that everything is getting at least partially back to normal, Fortis should continue its organic growth and growth through acquisition. The company also has a solid 3.48% dividend yield and is still trading just below pre-crash levels.

Finally, for a growth stock I would recommend **Cargojet**. This is a great option for those looking to get in on the e-commerce business but also want a solid company with a [strong track record](#). Cargojet has that, growing its business by leaps and bounds over the last few years. The company has seen a huge increase in e-commerce business with the pandemic, but this is also due to its partnership with **Amazon** last year. The tech giant has a 9.9% stake in Cargojet, which should increase to 14.9% in the next few years.

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Date

2025/09/01

Date Created

2020/08/07

Author

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