



Market Crash 2020: It Could All Come Crashing Down in September

Description

We're just into the first week of September 2020, so it's too early to tell whether a [market anomaly](#) will occur this month. No one can give a plausible explanation of why September has always been a poor month for stock markets. Historically, the three leading indexes in the U.S. perform its worst in the ninth month of every year.

September effect

According to a report by *Stock Trader's Almanac*, the stock market typically drops off in September. Despite no earth-shaking news or event, investors fear the September effect. Thus, analysts say the market could come crashing down this month.

Interestingly, the market anomaly is a worldwide phenomenon. The September effect affects global stock markets — not just the Dow Jones, S&P 500, and NASDAQ in the United States. We'll soon find out if stock markets will lose ground again or end the long-standing negative effect in 2020.

TSX in September

Some analysts believe investors' seasonal behaviour has a lot to do with the September effect. It's the time to change portfolios at the end of summer and cash in from stocks. The S&P/TSX Composite Index behaves the same way at the close of summer when students return to school.

In the past 10 years, Canada's main stock market index dropped by an average of 1.5% every September. However, the TSX gained in six of the last 10 Septembers. The average is low due to the massive decline in 2011, 2014, and 2015.

As of September 4, 2020, the TSX is 1.8% lower than its August 2020 closing. The index is down 4.95% year to date. On this same day, it lost 230.89 points due to a continuing selloff in the tech sector. All 10 major sectors ended in negative territory.

Calm your fears

If the September effect worries you, it's time to rebalance your portfolio by shifting to safer assets. **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) should calm your fears and put you on the defensive. This utility stock is the core holding of many risk-averse investors. It has bond-like features, plus the business model is low risk.

Whether it's September or any other month, your dividend earnings will keep streaming. On record, the \$24.16 billion electric and gas utility company has been paying dividends for 48 consecutive years, making it a Dividend Aristocrat. The stock is down 0.88% year to date, which indicates the impact of COVID-19 on the business is negligible.

At the current share price of \$52.01, Fortis pays a 3.6% dividend. Because utilities are essential services and rates are regulated, the company generates defensive revenues. A nasty market crash will not impede the income stream to investors. You don't even have to [time the market](#) to take a position in this recession-proof stock.

Ominous signs

If your recall, Canada's primary equities market reached an all-time high of 17,590.51 in February 2020 before COVID-19 whiplashed global stock markets. The odds of another brutal market crash are high if you were to base it on investment gurus and market analysts' assessments.

Likewise, the largest two-day decline (September 3 and 4) in three months just happened. Defensive preparation is the key if signs of a market anomaly are manifesting this early.

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