



## ALERT: Is the Next Stock Market Crash Here?

### Description

The stock market has been a roller-coaster ride this year. It took a 90-degree fall in March and then saw some bumps on the way up. The market's performance has been totally out of place with the economy, and it is justified by the government stimulus package. The stock market crashes when there is a lack of cash in the system. At least, that's what happened in the last two market crashes of the century (the 2000 dot.com bubble and the 2009 Financial crisis). But Prime Minister Justin Trudeau's fiscal stimulus package injected cash in the economy, averting the crisis.

But a stock market rally supported by government aid is not sustainable. The government can't pay your bills forever. The fiscal stimulus is building the fiscal deficit. This deficit will come back to you in the form of reduced government benefits and higher taxes. The first phase of the COVID-19 emergency benefits will end in

### The inevitable market crash

Fear is not good for markets. The stock market rallies on investors' confidence and falls on investors' fears. Not all market dips are crashes. There is a correction in the market at regular intervals. During these intervals, the market falls somewhere between 5% and 10%, as investors cash out profits. The **S&P/TSX Composite Index** saw some correction in early June when it dipped 5.8%.

Then there is a bear market, when the stock market falls 15-20% over several months. For instance, the TSX Composite Index fell 16% between July and December 2018, as trade tensions between the U.S. and China escalated, leading to a trade war.

Then there is a [market crash](#), when the stock market falls as much as 20-30% in a month. In the 2009 financial crisis, the TSX Composite Index fell 34%, and in the March sell-off, it fell 37%.

Is the current market dip a correction, a bear market, or the start of another market crash?

## What are the charts saying about market crash 2.0?

After hitting the peak on August 26, the TSX Composite Index dipped 4% below its 50-day moving average. But the overall market has moved up, as the 50-day moving average is above the 200-day moving average. The dip came as the market was overbought. But three consecutive days of selling activity have put the market in the oversold category, with a Relative Strength Index (RSI) of 38. During this dip, the trading volumes were normal, hinting that this is just a market correction.

When there is a market crash, trading volumes surge significantly and maximum trades are for selling. A high amount of selling activity leads to a significant dip in the stock market. Before the March sell-off, the market fell below its 200-day moving average, which means more than six months of gains were wiped out. For six consecutive trading sessions, there was huge selling activity, and trading volumes were above average. The market was heavily oversold, with an RSI of 18. All this happened in the last week of February; after two days the market crashed.

Hence, you need not worry about the recent market correction. Instead, it is a perfect opportunity to buy the high-growth virus stocks that were soaring like a phoenix in the market rally.

## Buy this TSX stock right now

In the market correction, the stocks that surged the most fell the most. **Lightspeed POS** ([TSX:LSPD](#)) stock fell 17% from its all-time high. This decline came after the company announced plans to launch an initial public offering on the New York Stock Exchange. It expects to use the proceeds to strengthen its financial position and fund future growth strategies.

Lightspeed already has a strong balance sheet, with \$203 million in cash reserves and \$30 million in long-term debt. A capital injection of roughly \$400 million could give it ample resources to boost its growth by acquiring competitors. It is already growing its revenue at a [50% annual rate](#). The capital injection will accelerate its growth. Lightspeed is a good stock to buy at \$40 before it resumes making new records.

### CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. TSX:LSPD (Lightspeed Commerce)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Sharewise
6. Yahoo CA

**Category**

1. Coronavirus
2. Investing
3. Tech Stocks

**Date**

2025/07/07

**Date Created**

2020/09/14

**Author**

pujatayal

default watermark

default watermark