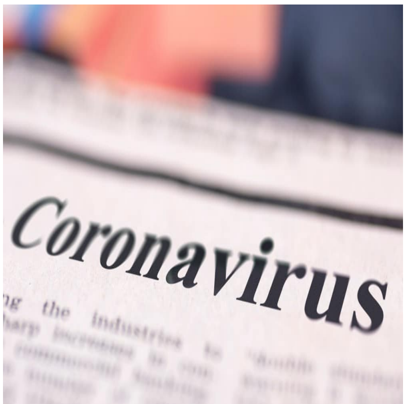

2nd Wave? Buy TSX Stocks for Another Shutdown

Description

Anybody following Doug Ford's recent announcements will know that further shutdowns in Ontario are not off the table following a spike in COVID-19 cases. With the premier stating that "every option is on the table," Ontarians could find themselves bunkering down again this fall. As the country's most populous province, the broader implications are not insignificant.

Investors, therefore, might want to take this as a cue to go back over their stock portfolios and start weather-proofing them. Back in March, Ford announced the shutdown of all non-essential services in the province. The move seems to have worked. But reopening may have been a little premature and could lead to another shutdown. There are lessons here, not just for civic leaders, but for shareholders as well.

Go back and look at stocks in March

Investors should therefore look back and see how the TSX reacted to the initial shutdown. Canadians looking to stay invested through the next potential wave of the pandemic should identify where the risk was in the markets. They should also root out where the opportunities were.

Upside could be hard to come by if another lockdown triggers a TSX selloff. However, some areas could prosper. Vaccine development is a key area of investment that could be ripe with sudden upside. Several stocks have already seen their share prices briefly rocket on good news. **Pfizer** may be next in line, with the possibility that it could known by October whether or not its vaccine is successful.

Some tech stocks could also improve. Indeed, there could even be a replay of the stay-at-home trend that saw growth in digitalization stocks. Names like **Shopify** took off back then. Logically, extra upside could be forthcoming once more given a second shutdown.

Think "safety first" and go long

Investors may wish to play it safe, though. Low-risk dividend stocks such as **CN Rail** and **Newmont** provide small yields but offer a lot of defensive clout. CN Rail is thoroughly diversified, while Newmont brings the classic safety of gold. Both names are large-cap plays in sectors that have already battled through the pandemic while protecting their distributions and even accruing share price appreciation.

Defensive stocks are the best way for the low-risk investor to go. But don't chase yields — many of the rich dividends that investors are seeing right now have been caused by share prices cratered by the pandemic. And going forward, a repeat of the March selloff could even impact distributions. And there's nothing like slashed or even suspended dividends to trigger a sudden portfolio reshuffle.

Preparing for another market crash seems prudent given both the recent pullback in stocks and the prospect of Shutdown 2.0. The disconnect between the markets and the economy now looks to be closing, meaning that a correction is almost certainly just around the corner. And even if communities follow public health guidance, there's now a possibility that a second wave of the coronavirus could impact markets again in 2020.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

Date
2025/09/11
Date Created
2020/09/15
Author
vhetherington