



Market Crash 2020: The Next Drop Will Be Much Worse

Description

Wall Street and the **Toronto Stock Exchange** were forced to pause trading when COVID-19 pounced on the investing world. Three times in eight days in mid-March 2020, stock exchanges in the U.S. and Canada had to implement a Level 1 market-wide circuit breaker.

Circuit breakers come into play when [steep selloffs](#) are happening in the stock market. It also means that trading will stop to soften the impact of a market crash. COVID-19 did the unthinkable. The Bank of Canada and the U.S. Federal Reserve, and other global central banks announced coordinated actions to enhance liquidity.

Fortunately, it wasn't the end game because the market stormed back dramatically. As of September 21, 2020, the TSX is losing by only 1.34%. Investors stayed the course after the onslaught. However, fears are back. If the market crashes again, the drop could be much more.

Rebound after the bloodbath

It was a [bloodbath](#) for the TSX that saw the biggest one-day drop since the 1987 crash. On March 12, 2020, the index fell 12.34% to 12,508.50. Including the shutdowns, the TSX lost \$21 billion in value. The slumping oil prices doubled the hit in Canada's stock market.

Since the close of March 2020, the finished higher every month until August 31, 2020. This month's closing is hard to predict, although September has the dubious record of being the worst month for stock markets. However, there are indicators a market crash is inevitable in the second half of the year.

The ending of stimulus packages is likely to result in higher consumer debt, defaults in mortgages and other loans. Canada, however, is introducing a new set of emergency income-support measures to shore up the economy. The recovery should be swift or else the country might run out of firepower.

Defying the pandemic

A \$1.97 billion Canada-based biotechnology company is defying the impact of the pandemic. **Trillium Therapeutics** (TSX:TRIL)(NASDAQ:TRIL) is not one of the firms conducting clinical trials for a coronavirus vaccine, yet the stock is 1,415.04% year-to-date.

Had you invested \$10,000 in the biotech stock on December 31, 2019, your money would be worth \$151,503.76 today. Trillium specializes in clinical-stage immuno-oncology treatments. The biotech's pre-clinical programs and therapies focus on treating cancer.

Trillium is getting a big lift from giants in the healthcare industry. With **AbbVie** and **Gilead Sciences** investing considerable sums in the firm's CD47-based cancer therapies, investors are picking up the stock. CD47-based therapies target an innate checkpoint pathway employed by cancer cells to evade immune detection. Its lead drug candidates, TTI-621 and TTI-622, are CD47-targeting antibodies.

Thus far, Trillium's ongoing dose-escalation studies for both are going well. Pharmaceutical titan **Pfizer** also took a \$25 million position in Trillium. Analysts forecast to continue its growth momentum and deliver another 1,000% gains in a couple of years.

Potential triggers

Investors need to watch out for potential triggers. A resurgence in COVID-19 infections and failure of vaccine clinical trials are likely to destroy the market again. Election Day in the U.S. is coming, that political uncertainty will escalate as November draws near.

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