



The Stock Market Is Being Squeezed From All Sides

Description

The year 2020 has not been kind to anybody, and the stock market certainly hasn't enjoyed what it has done. To say that this year has been full of challenges is an understatement. The stock market is going through one of the most challenging years it has seen since the 2009 depression. Despite a stock market decline in February and March 2020, it does not seem like it will let up the pressure any time soon.

I will discuss the possibility of [another stock market crash](#) because of all the factors pressing the stock market in every possible way.

Pressure from all sides

The year began on a rough note for the oil sands and every Canadian company operating in the energy sector due to the oil price wars between Saudi Arabia and Russia. The lower oil prices significantly impacted Canadian oil companies that rely heavily on commodity prices for crude oil.

The situation became worse with the onset of COVID-19. The global pandemic caused entire countries to shut down as they mandated travel restrictions and social distancing measures to curb the spread of the novel coronavirus.

The lockdowns effectively shuttered most businesses around the world in addition to those that provide essential services. The result was millions of people becoming unemployed and relying on government aid in Canada.

Companies that managed to generate revenue during the lockdowns still suffered from drastically lower income. Businesses that had to shut down, kept burning through their cash reserves to stay afloat. Many small companies without a decent capital crumbled and shuttered for good.

All of these factors have collectively pressurized the stock market in Canada. The government's COVID-19 response plan detailed the most unprecedented stimulus package that saw Canada spending billions to stimulate the economy.

Programs like the Canada Emergency Response Benefit (CERB) and Canada Emergency Wage Subsidy (CEWS) have helped the economy stay afloat. The stock market even witnessed a miraculous recovery after declining drastically between February and March 2020.

A second market crash

After months of rebound due to hopefulness among Canadian investors, the stock market might have started to take a turn for the worse. At the end of August 2020, the stock market reached highs it had not seen since February. However, the TSX has started to decline in the weeks since August.

At writing, the **S&P/TSX Composite Index** is down 5.23% from August 26, 2020. While it seems to be relatively stable right now, economists warn that the second market crash could already be here. Economists cautioned that we remain in a volatile territory despite an apparent V-shaped recovery.

Protect your capital

You should take measures to protect your capital as further waves of the novel coronavirus and its economic impact sweeps worldwide. Most companies in the stock market will see severe short-term pain if we see another market crash. It would be wise to look for investments that can protect your capital.

A stock like **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)) is a go-to stock for investors who want stability during times of market volatility. It is a robust stock that is one of the most reliable companies trading on the **TSX** for two reasons:

- Fortis is an essential business
- The management is conservative with its cash reserves

The company provides reliable returns for its shareholders through [growing dividends](#). However, Fortis still saves the rest or reinvests it into the business. Its risk-averse approach to business has helped Fortis deliver consistently increasing dividend payouts to its investors for almost 50 years.

Foolish takeaway

The constant pressure on the stock market from all sides will eventually cause another stock market crash. Whether you believe we might already be amid the second market crash of 2020 or whether we're almost there, protecting your capital should be a priority. I would strongly suggest considering reliable stocks like Fortis to that end.

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