



A Giant Stock Market Selloff Is Coming

Description

2020 will be a year to remember in the history books worldwide. Investors will also remember this year for all the pain it gave them in the most unexpected ways. Investors learned plenty of lessons due to the pandemic and are now better informed about preparing for the unexpected.

The developments this year have constantly kept investors on edge. As much as we try to anticipate what is going to happen next, 2020 is giving us the complete opposite. While investors and analysts had anticipated a stock market crash, nobody could have predicted that a global pandemic would cause it.

After the market crash occurred, nobody expected a quick recovery. However, eight months after the start of the pandemic-fueled market crash, most companies are trading close to their all-time highs.

As things seem to be improving, the sword of another and deeper market crash is looming overhead.

The risk of another market crash

The economy might be on the mend. Still, it is in a vulnerable position. To make matters worse, there is a strong possibility of a second wave. Many scientists and healthcare experts anticipate a second wave of infections to fully materialize in the winter, along with the flu season.

If a second wave does arrive, it is not necessary that it will create the same level of panic we saw in February and March 2020. Businesses have also had plenty of time to figure out how to operate in the new normal, and investors have had time to see which businesses can weather the storm better than others.

A second wave of infections could still result in shutdowns, and it will affect many businesses. However, the U.S. elections could be a more significant risk for another market crash.

Traditionally, there is plenty of uncertainty whenever the elections come close in the country south of the border. Voting will be a different ordeal this time due to the pandemic, and it could lead to extended

periods of uncertainty for the United States. Coupled with the major issues and risks in the markets, the uncertainty of U.S. elections could cause a rippling effect and send stocks in the U.S. and Canada spiraling downwards.

A stock to consider for the selloff

You need to consider safer investments to protect your capital if you are concerned that [another stock market crash](#) can devastate your investment portfolio. Several companies offer a low-volatility solution in a highly volatile market. **Hydro One** ([TSX:H](#)) is one such stock that you can consider adding to your portfolio to this end.

Hydro One is a utility sector operator that is ideal for low-risk investors. Hydro One is an essential business that can continue generating revenue while most other companies need to shut down. While it will also decline with another market crash, Hydro One is one of the first businesses to rally to better valuations.

Hydro One specifically operates in the transmission and distribution of electricity. The demand for electricity will not go down, no matter how bad the economy gets. The utility industry is highly regulated, which means Hydro One can generate predictable revenue throughout the volatile period.

The stock is trading for \$27.78 per share at writing, and it is already close to its all-time high valuations. It can continue growing your wealth through its reliable 3.65% dividend yield payouts while retaining much of its valuation.

Foolish takeaway

Another market crash is not off the table for 2020. Whether it happens due to a [housing market crash](#), the U.S. elections, or because of a second wave of COVID-19 infections, investors need to protect their capital from another crash. I think Hydro One is an ideal low-risk stock to help you protect your portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. TSX:H (Hydro One Limited)

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