



## From Bull to Bear: The Next Market Crash Will Happen Quickly

### Description

Is the great COVID-19 [bear market](#) of 2020 over? Investors are bullish, because the S&P/TSX Composite Index is 45% higher than its mid-March low. Technically, the TSX is in the bull market zone. In terms of economic recovery, Canada is in the early stages. However, dangers are lurking, particularly the rising cases of coronavirus.

The [scary part](#) is that stocks might revisit the COVID-19 selloff. If it does, the next market crash could happen quickly. There are historical precedents in the United States. According to Ned Davis Research, the Dow Jones has broken below the lows hit at the bottom of any waterfall decline 70% of the time.

### Dramatic difference

A waterfall decline is when there's a sharp drop in stock prices over two months. Commerce Trust Company Director of Investment Strategy Joe Williams said there have been 13 waterfall declines over the last 105 years. The most recent ones were in 2008, 2011, and 2018.

Historically, weeks of persistent selling, a surge in volume, and a collapse in investor sentiment precede a waterfall decline. The analysts are looking at the past waterfall declines for context. Different economic events triggered rapid declines in the past. However, none of them included a deadly virus that kills and shuts down economies.

### Frightening second wave

The coronavirus crash is a cut above the rest, but in a negative sense. Its breadth and speed are extraordinary, if not frightening. The TSX rally could end sooner if public health officials fail to contain the second wave of COVID-19. Investors' confidence could erode in an instant if the pandemic gets out of control again.

Even if a full-pledged crash doesn't happen, expect a series of market corrections. Most stocks are

overvalued and should seek their intrinsic values. There should be buying opportunities in between the dips. If Canada displays a V-shape recovery, the bulls will dominate the scene.

## Pandemic resistant

Regardless of the market environment, **TELUS** ([TSX:T](#))([NYSE:TU](#)) stands out as a pandemic-resistant investment. It's safe investing in the telco stock, because of its defensive qualities and high 4.95% dividend. Telecommunications and internet services will rule in the pandemic and post-pandemic era.

The Opensignal Global Award for Download Speed Experience crowned TELUS as the fastest network in the world. TELUS's average 4G LTE download speeds clocked in at a global high of 75.8 Mbps. South Korea's 5G network is the next fastest country globally, with an average of 59 Mbps. The latest award is another feather on the cap.

TELUS is cementing its leadership position in communications and information technology. According to Darren Entwistle, president and CEO of TELUS, the global recognition aligns with its rapidly expanding next-generation 5G network. It also reinforces the unparalleled commitment to providing Canadians with access to superior technology.

## Cyclical nature

The wisest move when the bull market abruptly turns into a bear market is to think long term. Don't mistrust the market because the behaviour is cyclical. Any downturn is temporary. An investment in a defensive stock will deliver the gains you desire.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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