



Market Crash 2.0? 3 Expensive Stocks to Sell Right Now

Description

The **S&P/TSX Composite Index** plunged 434 points on October 28. Canadian provinces have re-introduced stricter regulations to combat the COVID-19 pandemic. Meanwhile, Canada's allies are also undertaking harsh measures. In Europe, the United Kingdom, France, and Germany have gone back into lockdown. Lockdowns have proven to be economically devastating. Because of this, investors need to watch out for a second market crash.

Is a market crash imminent?

In late August, I'd warned investors of some [troubling signs](#) that portend a market crash. One of these was the Warren Buffett indicator. This takes the combined market cap of publicly listed companies and compares that to national GDP. Buffett's favourite indicator had flashed red since the end of the summer.

Worse, a new report from the Bank of Canada (BoC) suggests that Canada's economy will not recover from COVID-19 until 2022.

If a second market crash bears down on investors, now is the time to think about taking profits. Today, I want to look at three stocks that look pricey in a very shaky environment.

Why gold may have hit its ceiling in 2020

Gold has been a star in 2020, primarily on the back of volatility generated by this historical crisis. However, the spot price of the yellow metal has retreated from its record highs. Gold stocks have rewarded shareholders this year, but now may be a good time to take profits in some of your favourite miners.

Eldorado Gold ([TSX:ELD](#))([NYSE:EGO](#)) is a Vancouver-based company that owns and operates gold mines in Turkey, Greece, and Canada. Its shares have climbed 52% in 2020. However, the stock has dropped 10% week over week. The stock still boasts a favourite price-to-earnings ratio of 15, but this

will not save the firm in a broader market crash.

Shares of Eldorado Gold surged into technically overbought territory in the middle of October. The stock has since retreated to neutral levels, but it may have a lot further to fall in this dangerous climate.

This renewable energy stock may succumb to a market crash

I've been [bullish on renewable energy stocks](#) this year. **Boralex** ([TSX:BLX](#)) is a Quebec-based company that develops, constructs, and operates renewable energy power facilities in Canada and abroad. This stock has increased 59% so far this year.

Shares of Boralex have dropped 8% over the past week. The company has put together a positive 2020 on the back of increased wind power production in Canada. I like Boralex in the long term, but the stock is positioned to be hit hard by volatility in a market crash. It has a beefy price-to-book value of 4.9 and is hovering near its 52-week high. Shares have spent most of October at overbought levels.

One more stock to consider bailing on today

Corus Entertainment ([TSX:CJR.B](#)) is a Toronto-based media and content company. News ratings have shot up in 2020, but Corus has failed to benefit from this trend, as advertisers have strayed away and opted against big spends during the pandemic. Shares of Corus have increased 46% in a three-month span.

Recently, I'd discussed Corus' promising venture into the streaming space. It has made solid strides, but this progress may be squashed by a market crash. Investors should be very careful not to burn themselves on Corus stock in this environment.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:EGO (Eldorado Gold Corporation)
2. TSX:BLX (Boralex Inc.)
3. TSX:CJR.B (Corus Entertainment Inc.)
4. TSX:ELD (Eldorado Gold Corporation)

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Date

2025/09/10

Date Created

2020/10/29

Author

aocallaghan

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