Market Crash 2.0: Stash Your Cash in a Risk-Filled Market

Description

We almost all forgot. Yet economists continue to shout it from the rooftops even though markets continue to rebound amid strong earnings reports. Don't forget: Another crash is very likely.

It's becoming a more realistic outlook lately. COVID-19 continues to spread across the country, with record numbers happening every day in every part of the world, including our country. With such numbers, it could easily mean another lockdown. Even if not a lockdown, businesses will likely need to scale back. And it's already happening.

Bad news up, good news down

With the Canada Emergency Response Benefit (CERB) now put aside, businesses and owners are struggling to make ends meet. In fact, bankruptcies for small businesses have reached the highest point since the beginning of the pandemic. Needless to say, it's overall a very risky market place — one that's ripe for another market crash.

You can already see it on the **TSX Composite Index**. While the TSX is up right now, this is on a wave of strong earnings reports. Businesses were back to work during the last quarter, which meant strong numbers compared to months before. Yet it's likely that as more bad news comes in from housing to the virus, the market could plummet to even worse than what happened in March.

Get defensive

What we learned back in March is that investors need to invest in stocks that will continue doing well, no matter what happens on the markets or even with the virus. While there was an overall crash, the stocks that bounced back quickest were ones that really weren't affected by the virus at all to continue making revenue.

Such an area included utilities. While there was a decrease in the beginning as lockdowns swept the world, since then utility companies are back up and running. It's likely such a decline won't happen again, and frankly it wasn't even that bad! People just were at home, so no matter what the lights had to be kept on by one business or another.

That's why a company like **Algonquin Power & Utilities Corp.** (TSX:AQN)(NYSE:AQN) is a great business to consider. It not only deals with utilities, but has also been growing for years through acquisitions. On top of that, it's now started to invest in green energy projects. As more funds roll in from government sources, such as a new Joe Biden presidency, this could mean that Algonquin soars in the next few years.

Revenue continue to be strong, with the company seeing a year-over-year increase of 0.9% during the last quarter. Shares have seen a one-year return of 17%, and a five-year return of 137%! Meanwhile, its compound annual growth rate (CAGR) is 21% for the last decade all while receiving a 3.93% dividend yield.

Bottom line

You can protect yourself easily from another market crash by investing in strong and stable stocks just like Algonquin. Utilities will continue to do well for decades. So if you abide by the Motley Fool's buy and hold strategy, you take the risk out of the equation completely.

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Date
2025/07/08
Date Created
2020/11/18
Author
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