



## Alert: It's Time to Brace for Market Crash 2.0!

### Description

While it's wonderful that there has been great news on vaccine development with high efficacy rates of 90% or higher from **Pfizer** and the like, the [effectiveness of the vaccine](#) in the real world is still open to many factors.

For example, how well will vaccine programs be executed? Can wide distribution of the vaccine be done quickly? How many people will actually be vaccinated (as some will be unwilling to take the vaccine)? People who are vaccinated may take the pandemic lightly, stop wearing masks, while being asymptomatic and spreading the virus.

In short, along with surging COVID numbers, if there's any hiccups in the vaccine programs, there could be turmoil, leading to another market crash similar to the one experienced earlier this year.

Here's how you can prepare — have more cash on hand and know your highest-conviction stocks and when you want to buy them.

### Have more cash on hand

There could be more economic shutdowns around the world to go hand in hand with vaccine programs to combat the pandemic. The shutdowns would negatively affect businesses and the economy again.

To counter the near-term uncertainties, Canadians are already holding more cash than usual in this pandemic-triggered recession — about \$8,704 per household on average.

Excess cash is an incredible asset, particularly for investing in a market crash. If you're ready to deploy some cash, you should prepare a stock watch list.

### Stocks you want to buy

Here's one way you can build your watch list of stocks to buy. Determine the top stocks in the areas

you want to invest in.

For example, you might like **Shopify** in the e-commerce space, **Jamieson Wellness** in the consumer staples/personal health space, and **Toronto-Dominion Bank** as your bank exposure. If so, you'll need to decide on when you're willing to buy the shares.

Shopify stock has always been expensive, but the stock has remained very resilient even in the earlier market crash this year. The growth stock has been consolidating since mid-year. Folks who want to take a bite can consider doing so when it dips and trades close to US\$900 per share.

[Jamieson Wellness](#) stock just experienced a nice correction of more than 20%. This is a potentially good entry point for a well-run growth stock in the personal health space. Since 2018, Jamieson has improved its return on assets (ROA) and return on equity (ROE). Its recent ROA and ROE are 6.6% and 14.7%, respectively.

TD stock is on its path to recovery from the pandemic-impacted economy. It has recovered more than 40% from its March market crash low. In a normal market, the quality North American bank stock would be an attractive buy with a 4% yield. Currently, it yields 4.4%, which provides 10% more income than the 4% and indicates a modest discount from normal levels.

## The Foolish takeaway

Effective vaccines are only part of the solution to the pandemic problem. The execution of vaccine programs and human behaviour on prevention of more spreading are other parts of the puzzle. If there are hiccups in any component of the solution, it can trigger more prolonged economic shutdowns that can cause another market crash.

Investors need to brace for another market crash. Be ready with extra cash on hand, and prepare your watch list of your highest-conviction stocks along with predetermined buy price ranges.

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