Why a Vaccine Won't Keep the Stock Market From Crashing in 2021

Description

The Toronto Stock Exchange (TSX) has recovered the losses from the pandemic-induced market sell-off in March 2020 and is back in positive territory. As of November 27, 2020, Canada's main stock market index was at 17,396.56 (+1.95%). It was a combination of rallies and retreats for more than eight months.

The tech sector (+49.22%) leads the six of the eleven primary sectors in the green. Of the sectors in the red, the energy sector is the worst performer with its 37.42% year to date.

News of COVID-19 vaccines buoyed stock markets around the world. However, investors need to be on guard and not be complacent. It's not sure whether the development of a vaccine can prevent a market crash in 2021.

Hurdles to immunize the world's population

Pfizer, **Moderna**, and AstraZeneca are the names you've heard about lately. The three drug companies are racing to roll out their respective COVID-19 vaccines by early next year. Many countries, including Canada, are pre-ordering the front-running vaccines that are waiting for regulatory clearance.

Unfortunately, more people will still die from COVID-19 if only wealthy or developing countries can buy them first. According to Andrea D. Taylor, assistant director of Programs, Duke Global Health Institute, the focus should be on timing and equity of distribution.

Taylor adds, "For the best outcomes globally, we need poor and rich countries to receive doses at roughly the same time. Likewise, because of the orders, allowed vaccine developers might take on the financial risk of clinical trials without knowing whether the vaccine candidate will work."

No end to the pandemic

The worry is that low-income countries might wait longer for the vaccines. With the volume of pre-orders, high-income countries could vaccinate 100% of their entire population by the first half of 2021.

Roz Scourse, policy advisor, Medecins Sans Frontieres (MSF), said, “Vaccine nationalism is a huge challenge for access to low and middle-income countries.” COVID-19 will still circulate globally if only people in high-income countries get access to the vaccines. Thus, it’s not the end game yet for the pandemic.

A healthcare stock to own

On the TSX, the health sector continues to underperform. Its year-to-date loss is 12.14%. But one stock that’s handily beating the general market is **WELL Health Technologies** (TSX:WELL). The total return thus far is 352%.

Had you invested $10,000 on December 31, 2019, your money would be worth $45,194.81 today. Analysts are bullish and recommend a buy rating because of WELL’s growth potentials.

The objective of this $1.12 billion omnichannel digital health company is to empower doctors to provide the best and most advanced care possible while leveraging the latest trends in digital health. WELL owns and operates a portfolio of primary healthcare facilities.

Aside from medical clinics, WELL has five other distinct business units, namely Electronic Medical Records, Digital health Applications, CyberSecurity, Allied Health, and Medical Billing and Back-Office. Given the significant breadth and depth in its business and operations, expect to see revenue acceleration and profit optimization strategies in the foreseeable future.

Hope and threat

While the COVID-19 vaccine is the biggest hope to prevent a market crash, it’s also the threat to trigger one. Effectiveness, temperature constraints, and equity distribution are challenges.

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