



## Market Crash Warning: This Recession With a TSX Sell-Off Could Quash Your Dreams

### Description

The broader market is trading on a strongly positive note for the last few weeks. As of December 8, the **S&P/TSX Composite Index** has risen by 9.1% on a quarter-to-date basis. During this period, the **S&P/TSX60** companies have seen 8.2% gains. However, these gains have not lessened investors' fears about an upcoming market crash. Let's take a closer look.

### Market crash in 2020

The year 2020 began on an awful note for investors across the world. The worldwide spread of the COVID-19 virus took a big toll on investors' sentiments. As the pandemic started turning into a major threat to people's lives in many countries, the authorities had no choice but to impose nationwide shutdowns.

These shutdowns took a significant toll on investors' sentiments and triggered a global market sell-off. As a result, the key Canadian market indexes such as TSX Composite and TSX60 tanked by 21.6% and 19.2%, respectively, in the first quarter alone.

### Consistent market recovery and the following rally

After posting one of the worst quarterly losses in the Canadian market history, the stocks staged a sharp recovery in the second quarter. The TSX Composite Index rose by 13.9% in Q2. Investors' high hopes from the handful of companies that benefited amid the pandemic triggered a market-wide buying spree.

This recovery didn't stop in the third quarter. The index extended its gains by another 3.5% in Q3 and continuing to inch up in the fourth quarter as well.

## The market could be near a crash

The recent stock market rally has seemingly made the economic situation across the world look better. But there isn't much fundamental substance to it. That's one of the reasons why the market could witness a major sell-off in the near term.

And the higher market goes without any fundamental strength, the worse the upcoming market crash could be.

## What can we do?

In such difficult times, you should try to focus on companies that can survive an economic downturn or a recession.

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) could be once such a great company to invest in right now. It is a Calgary-based energy transportation company that makes most of its revenue from energy services and liquids pipelines.

Enbridge has a fantastic track record of strong fundamentals with excellent profit margins. Interestingly, it exceeded analysts' earnings expectations in Q1 and Q2 — during the worst phase of the pandemic.

The company [missed](#) the earnings expectations by 9% in the third quarter, though. Partly due to its Q3 earnings miss, its stock has underperformed the broader market in the last three months with just a 3.8% rise. The TSX Composite benchmark has seen an 8.4% rise during the same period.

With the help of its [solid balance sheet](#) and a loyal customer base, Enbridge shouldn't take very long to get back on track.

## Foolish takeaway

While the recent market recovery has fueled a rally in many fundamentally weak companies' shares, the opportunity to buy great stocks cheap is still open in some companies like Enbridge. The shares of such companies could help you better prepare for the upcoming market crash.

### CATEGORY

1. Energy Stocks
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