



Market Crash 2021: Ongoing Stock Rally Will Lead to a Big Crash

Description

The market is extending the rally in December after posting substantial gains in November. The **S&P/TSX Composite Index** rose by 10.3% in November, while the **TSX60** shares ended the month with 10.2% gains. In December so far, both the Canadian indexes have extended these gains by another 2.3%.

Let's explore why the market could be heading towards a massive sell-off in the near term.

Canadian stocks near all-time high

As a result of the recent rally, the TSX Composite benchmark has risen by over 3.1% in 2020 so far, as it continues to approach its all-time highs — posted in February this year. Similarly, the United States key indexes such as the **S&P500** and **NASDAQ Composite** have already reached their respective record high levels this month.

If you wonder what's fueling this insane stock market rally right now, you're not alone. Many experts have recently [cautioned](#) investors of a market crash in the last few months.

Why you need to be cautious

Some companies that were declared essential businesses — along with a few tech companies — benefited during the pandemic. However, the improving financials of only such a handful of companies cannot decide the economic trend.

In the coming quarters, the economic figures might reflect this harsh reality, setting the stage for a market crash in 2021.

Apart from the businesses' perspective, the pandemic-driven enormous economic burden that the governments across the world are bearing could worsen the macroeconomic scenario. It would give the stock market another reason for a significant downside correction. Hence, the market has enough

reasons for a crash in the coming months.

Here's how you can prepare

When the market is trending upward, it makes sense to concentrate on one particular sector or industry with tremendous growth potential. On the flip side, relying on one specific industry could increase your portfolio's risk in times of uncertainties.

That's why you must start diversifying your stock portfolio now and don't let this [expected sell-off](#) quash your dreams.

Buying such stocks could help

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) is an outstanding growth stock that could help you swim through expected tough times or a market crash. It's a Montreal-based e-commerce software company with its focus on providing its omnichannel commerce platform to businesses. It currently has a market cap of \$7.6 billion.

While many other businesses have seen sales challenges in the last few quarters due to the COVID-19, the pandemic virtually had no impact on Lightspeed's sales. In the last couple of quarters, LSPD's total revenue growth rate has remained between 51% to 62%. Bay Street estimates that the company would sustain this strong revenue growth in the coming few years.

In the September quarter, Lightspeed's gross profit jumped up by 42% sequentially. Its gross margin also expanded to 60.4% in Q2 of fiscal 2021 from 50.6% in the previous quarter.

While Lightspeed stock has risen by 105.6% in 2020, it still has the potential to go much higher than its current market price of \$74.12 per share.

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