Market Crash 2021: 2 TSX Stocks to Sell Right Now

Description

Vaccine euphoria. It's what's sweeping the markets and, unfortunately, creating an enormously volatile situation. It seems as though investors think the creation of a vaccine will solve all the market troubles. Unfortunately, that's simply not the case.

Granted, a vaccine is wonderful. It's the first step towards normalcy, or whatever normal will look like in our future. But it's just that: a *first* step, and one of many. In fact, investment managers mainly believe there won't even be a recovery in 2021, and it could be 2022 or later before we see a solid recovery.

The reason for this is while the vaccine is starting to be produced, it will be saved for those that need it most. Until we can get the vaccine to everyone safely, there are still going to be surges of COVID-19. Globally, there has been trillions spent on stimulating the economy for businesses and individuals. With the winter seeing a rise in cases once more, it's likely there will be more stimulus spending coming. This will result in higher taxes in the future, along with potential cuts to social programs.

This is all to say one thing: be prepared. Here's how.

Get defensive

There are two ways to get defensive. One is by buying up strong stocks that can see you through another economic downturn. Think blue-chip stocks; those are household names within an industry with decades of historical growth, and plenty of room for future growth. This is seen with banks, energy, cargo transport, among others.

But then there's getting defensive by selling. Here it's clear. When it comes to stocks that are likely to fall, think consumer discretionary companies. If the market falls, Canadians will tighten their wallets. So, what companies are likely to feel the heat first?

In my opinion, retail is going to be the hardest hit in the future. For retail, it's going to be for companies that do not have an online presence, or depend on brick-and-mortar stores. That's why if you have profits from **Dollarama** (TSX:DOL) and **SmartCentres REIT** (TSX:SRU.UN), I would consider taking them.

Dollarama has done well lately, with shares reaching heights not seen since 2018 and moving steadily towards all-time highs. But that's a red flag right there. The company has seen increased costs for sanitization, fewer hours at many locations, fewer customers due to restrictions, and do not have an online presence. While many have gone to Dollarama because of cheaper pricing in economic uncertainty, they may soon not have an option if restrictions are placed on the company again. There's likely to be a huge dip in share price when another market crash hits.

Meanwhile, SmartCentres is still well below pre-crash prices and likely to stay that way. If you bought the stock right before the vaccine was announced, you likely have some profits. In my opinion: take them. The stock will very likely dip again with another market crash, as COVID-19 cases surge yet again this winter. The real estate investment trust depends on its retail locations remaining open, and soon that may not be an option.

Bottom line

Get defensive. There's going to be another market crash, and when it happens, you need to be prepared. The best course is to first take profits from your riskier stocks. These retail stocks are the first to consider. Then when the market crashes early next year, be prepared to buy up solid stocks to help get you back to a healthy portfolio as quickly as possible.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Investing

Date
2025/08/23
Date Created

2020/12/13
Author
alegatewolfe