



2021 Stock Market Outlook: The New Beginning

Description

The stock market shocked everyone this year. The COVID-19 outbreak plagued the economy, and the stock market also created an opportunity for the technology industry. The market made the fastest recovery from bear to bull on the back of an unprecedented rally in tech stocks. Real estate, energy, and transportation stocks remained subdued with little to no recovery. The year 2021 will mark a new beginning for the stock market.

Will 2021 mark the new beginning?

The market will leave the uncertainties of the COVID vaccine and extended lockdowns behind this year and start fresh in 2021. The economy will see a recovery in 2021. But this recovery is contingent on

- The slowing of COVID-19 cases;
- The successful roll-out of COVID-19 vaccine ; and
- The ongoing fiscal and monetary policy

The 2020 stock market rally was fuelled by the fiscal stimulus money and the near-zero interest rates that made fixed-income securities unattractive. The Justin Trudeau government has replaced the Canada Emergency Response Benefit (CERB) with Canada Recovery Benefit (CRB). It has also [extended](#) the benefits to businesses will June 2021.

Next year, the government will phase out these fiscal and monetary benefits. The economy will learn to grow without these benefits. This transition will bring volatility and bumps along its way. In such a scenario, disciplined long-term investment will pay off.

How to make money in the 2021 economy

History has shown that stocks tend to grow faster in a recovering economy than in a strong economy. Don't miss the 2021 rally.

Stay invested in fundamentally strong stocks with good growth potential and look for stocks that are resilient to the economy.

One stock to buy and stay invested in

The pandemic significantly pulled down **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). Suncor stock fell as travel restrictions created an oversupply of oil and low oil prices. Oil companies were forced to sell their inventory below cost. OPEC+ asked oil companies to stop production to balance supply with the current demand. Hence, Suncor stock dipped 63% during the pandemic. The company reported a net loss of \$4.14 billion in the first half. It also reduced capital spending and operating costs to lower its cost per barrel and make profits, even at reduced oil prices.

These optimization efforts will pay off when the pandemic eases and travel restrictions are lifted. Oil demand will return, and Suncor, being the largest integrated oil producer in Canada, will benefit from rising oil prices. The stock has already surged 50% since November 9. The recovery will be bumpy, but it will return to the pre-pandemic level of \$40 in the long term, representing an upside of 75%.

Buy Suncor stock now and stay invested, despite the short-term dips. [Warren Buffett put his money in Suncor](#) in June, even when the company reduced its dividend. The stock will surge in the next three to five years, and it will also increase the dividend as oil demand stabilizes.

One stock that's resilient to the economy

Descartes Systems ([TSX:DSG](#))([NASDAQ:DSGX](#)) is resilient to the pandemic. It provides logistic and supply chain management systems to a diverse customer base. No matter how the economy is doing, people will consume goods and trade will keep getting complex.

Descartes saw a surge in demand for its tariff and duty content and Denied Party Screening solutions during the U.S.-China trade war. It saw an increase in demand for e-commerce solutions during the pandemic that offset demand weakness in the airline segment.

Descartes stock surged 93% in the pandemic rally from March 23 to September 1 on the back of strong demand from the e-commerce segment. The stock has the potential to surge another 40-60% in the post-pandemic world as the COVID-19 vaccine distribution creates new supply chain and logistics challenges. Moreover, demand will recover in sectors that were affected during the pandemic.

Investor takeaway

While the year 2020 saw a surge in tech stocks, the year 2021 will see a recovery in traditional stocks. The recovery has just started. Don't miss this opportunity.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks

4. Investing
5. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:SU (Suncor Energy Inc.)

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Date

2025/08/23

Date Created

2020/12/15

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