



## Market Crash 2021: 3 Events That Could Trigger a Selloff

### Description

There's no question that heading into 2021, stock markets are at a significant risk of a market crash. While that doesn't always mean stocks will sell off this year, when risk is this high, it can't be ignored.

The second wave of the coronavirus is devastating economies worldwide. Meanwhile, stock indices are simultaneously hitting all-time highs. Investors have been focused on the recovery, and while that's understandable, it's making markets highly vulnerable to any shocks.

The difficulty is with so much potential in markets, you need to be ready for both the market to crash as well as rally.

So, while investors should be focused on what the future holds and the potential for growth, it's still paramount to be aware of the risks that persist. One thing that can help is knowing what to look out for.

Although you'll never be able to time a market crash, if you can notice the potential for a market crash increasing ahead of time, it could help you be better prepared.

Here are the top three events to watch for that could cause a [selloff](#) in 2021.

### Complications with the coronavirus could cause another market crash

To this point, if the coronavirus pandemic hasn't already caused the market to crash again, I don't think it will. However, often what you don't expect to happen usually ends up happening anyway.

So, it's crucial that investors still pay attention to developments with coronavirus and analyze how that may impact markets.

At the moment, many investors and analysts are expecting a big recovery in 2021. This recovery is expected particularly in the second half of the year. However, so far, the pandemic has only gotten worse in 2021. The vaccine should help, but the rollout has generally been disappointing to this point

as well.

Plus, with several new variants having been discovered and a virus that continues to mutate, there is no telling what may happen next.

The virus has been devastating on all of us — from a health standpoint to personal finances and even mental health. Let's all hope that the pandemic can end as soon as possible.

And although we can be hopeful from a personal point of view, as investors, it's crucial to be prudent, which means monitoring all the risks the coronavirus poses, and the chances the market could once again crash.

## Political unrest in the United States

The United States is the biggest world power and a leader that many nations look to. Over the past few weeks, specifically, with political tensions in the U.S. growing to extreme highs, the world has been watching to see what will happen next.

Joe Biden takes office today with several tough challenges ahead of him — one of which is the major divisiveness among the American public.

It's unclear how things will progress with Biden as president. However, if the unrest continues, it could unsettle markets. Or worse, if it lasts long enough, it could have a major effect on an economy that's trying to recover from the coronavirus pandemic.

## Be ready for a black swan event to cause a market crash

Lastly, another black swan event could cause the market to crash. Black swan events that you don't see coming are almost always what sparks a market crash. That's what happened with the coronavirus pandemic, and it could just as well again happen in 2021.

So, if a black swan event was to materialize, especially with stocks at all-time highs, we could be in for a significant selloff.

Since these events can happen out of nowhere, it's crucial that the core of your portfolio is invested in robust stocks. One of the top stocks I would recommend is **Algonquin Power and Utilities**.

[Algonquin](#) is a great choice because its utilities business is so stable. At the same time, though, it's rapidly expanding green energy segment offers significant growth potential.

So, if you're looking for a growth stock that can simultaneously protect your capital, Algonquin's a top choice. This way, your capital will be protected in a market crash, but you'll also participate if the market rallies.

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