



Prepare for the COVID-19 Stock Selloff 2.0

Description

Inflation isn't the only risk to stock markets in the third quarter of 2021. The fast-spreading Delta variant could weigh down on equities like COVID-19's first wave in 2020. According to the World Health Organization (WHO), infection cases are rising globally because it's more contagious than the original coronavirus.

The **S&P/TSX Composite Index** continues its rally, although it has fallen below 20,000 in three consecutive trading days in July. Currently, the index enjoys a 15.72% gain. Any weakness in crude prices spooks investors more than the Delta variant. Still, [stock sell-off 2.0](#) isn't remote if things get out of hand when borders and schools reopen.

Safe and effective vaccines

On July 27, 2021, Prime Minister Justin Trudeau said Canada has enough vaccines to fully immunize everyone who is eligible. He adds the vaccines are safe and effective because all of them have passed the country's world-class standard for medical approvals. Moreover, only 0.5% of new COVID-19 cases are in fully vaccinated people.

Procurement Minister Anita Anand also gave an update on the progress of the vaccination campaign. More than 80% of eligible Canadians have received at least one dose of the COVID-19 vaccine, while 64% have gotten two jabs already. The government's next step is to fund two new projects to encourage younger folks to get their vaccines.

Top safety net

The **TSX's** ongoing bull rally could stop, but before it does, [Delta-proof your portfolio](#). Canada's iconic food and pharmaceutical company, **Metro (TSX:MRU)** is a safety net for risk-averse investors. Some market analysts say this \$15.34 billion company is the best-run grocery chain in the country.

The stock price hardly fluctuates, as evidenced by its 50-day (\$59.95) and 200-day (\$57.50) moving

averages. Likewise, the 10.83% year-to-date gain reflects stability. Metro trades at \$62.39 per share, and the modest 1.61% dividend serves as your financial cushion.

Management will present the Q3 fiscal 2021 results on August 11, 2021, although the most recent quarterly report was a display of extraordinary resiliency, said Metro President and CEO Eric La Flèche. In the quarter ended March 13, 2021, sales and net earnings grew by 5.1% and 6.8% versus Q2 fiscal 2020. Mr. La Flèche is confident that sales volume will remain elevated compared to pre-pandemic levels.

Over a century dividend track record

Dividend [safety and consistency](#) are the compelling reasons to invest in **Imperial Oil** ([TSX:IMO](#)). This energy stock isn't the sector's top draw, but it sure is a valuable addition to anyone's portfolio. Moreover, Imperial outperforms the broader market thus far, in 2021, with its 41.1% gain.

COVID-19 crushed energy stocks in 2020, including Imperial Oil. However, it has gamely rebounded from the carnage. Market analysts see a potential upside of 29%, from \$33.60 to \$43.35, in the next 12 months. The \$24.66 billion company is Canada's largest petroleum refiner, with U.S. oil giant **Exxon Mobil** owning 69.6%. Imperial pays a lower-than-average 2.7% dividend but takes pride in not missing a payment since the 1880s.

Its CEO Brad Corson mentioned this fact during the Q1 2021 conference call. Besides the significant reductions in production and manufacturing expenses, Imperial Oil reported a \$392 million profit versus the \$188 million net loss in Q1 2020.

No immunity

No stock market is immune to selling pressures due to the Delta variant. A hit in the U.S. could spell danger and spread quickly to Canada and other global markets.

CATEGORY

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3. Investing

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