Global Recession 2022: Hype or Reality?

Description

2022 hasn't been good for North American markets. But while it has been bad for Canada, with the **TSX Composite** falling roughly 5% within the year, it has been worst for the markets across the border. The **S&P 500** has already slipped over 18% this year and over 15% since the end of March. The NASDAQ has fallen even harder — 28% since the beginning of the year.

The inflation rates are dangerously high. Contrarian assets like the crypto are falling fast. And all of this is pointing toward a dangerous possibility: another recession. It might not be as hard as the Great Recession we went through a decade ago, but it may still have unprecedented consequences for the market and the investors.

At this point, it's more than just the hype. The U.S. seems to be heading for a recession. How much of it will spill to Canada is still a matter of debate. As an investor, one of the best things to do for a recession is to hold on to your good investments and wait for the storm to pass. An even better thing to do would be to buy great businesses and discounted prices, then wait for the long haul to payoff.

Buy the dip

If a recession is actually around the corner, and it triggers a solid market crash, one company you may consider buying at a heavily discounted price is **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ). It's currently one of the most powerful growers in the large-cap section of the energy market in Canada. The stock has risen about 639% from its lowest point during the 2020 crash.

You may not expect the same kind of fall *and* subsequent growth, even if a recession hits, because the oil demand and uncertainty in the geopolitical landscape involving one of the largest oil producers in the world will be pulling it up from the opposite end.

But a correction was due anyway, and a recession can knock down the stock by a sizeable margin, giving you more capital-appreciation potential to work with while allowing you to lock in a much more impressive yield for this aristocrat.

Buy a safe stock

If you are looking for a company that can fare reasonably well during the recession, **Metro** (TSX:MRU) is a potent option. The grocery and pharmacy giant in Canada is unlikely to see its sales drop due to the recession since food and health are two things that people don't stop spending on, no matter how harsh the economy is.

That's not to say that the stock won't experience a dip if the market, as a whole, crashes. However, Metro's probability and speed of bouncing back might be relatively rapid compared to the broader market and stocks with a more discretionary lean. It's also an excellent long-term holding for its capital-appreciation potential.

Foolish takeaway

Unless you are planning on making a lot of additions to your portfolio if the recession hits and the market pulls back, it's prudent that you don't make any significant changes. Dumping money in the market simply because everyone else might not be an excellent idea. If you are confident that you invested in healthy businesses, you should not fear the temporary effects of the pandemic.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)
3. TSX:MRU (Metro Inc.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. adamothman
2. kduncombe

Category

1. Investing

Date
2025/09/02
Date Created
2022/05/25
Author
adamothman