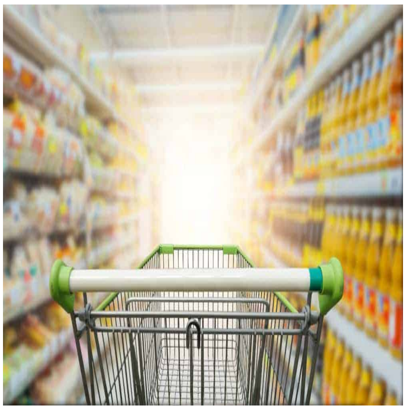

3 Recession-Proof Stocks to Buy in the Coronavirus Bear Market

Description

On Friday, the coronavirus bear market took a dramatic turn for the worse, as stocks abruptly crashed in the afternoon. The **Dow** ended the day down 4.55%, while the **TSX** slid more modestly. Broadly, it was a rough day for North American markets, showing that coronavirus is still weighing on investor confidence.

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If investors are feeling spooked right now, it's not entirely without reason. Just recently, **Goldman Sachs** forecast a whopping 24% GDP contraction for the second quarter, while companies like **Apple** and **Coca Cola** have said they won't meet earnings targets. Airlines will presumably take an even bigger hit on the chin, with international travel all but suspended.

In this environment, many stocks are getting beaten down with good reason. However, that's not necessarily the case with all stocks. Companies that supply staples – the necessities of life – could perform better than others, as their operations fall under the banner of "essential services." Shares in such companies should fall less than others during the bear market, and bounce back faster in the recovery. The following are three such stocks you can consider today.

Dollarama

Dollarama Inc (TSX:DOL) is Canada's number one dollar store, with an 18% share of the discount retail market. Discount retail is a broad category that includes both dollar stores and big box retailers like **Wal-Mart**, so Dollarama's share of the dollar store market is larger than that figure suggests.

As a huge chain that has thoroughly saturated Canadian cities, Dollarama stands to thrive during a bear market in two ways. First, it supplies grocery items, which should spare it having to close due to coronavirus. Second, it has extremely low prices on certain items (canned goods, soda, kitchenware), which could result in higher sales as layoffs hit consumers in the pocketbook.

Fortis

Fortis Inc (TSX:FTS)(NYSE:FTS) is Canada's largest publicly traded utility. With $52 billion in assets and 3.3 million customers, it's a giant in its industry. As a utility, Fortis is able to keep up its revenue growth during a recession. When customers begin to feel the financial squeeze from a recession, they cut discretionary items out of their budgets, but not bare necessities like heat and light.

As a result, Fortis managed to grow its earnings in 2008 and 2009, when most companies were seeing year-over-year earnings declines. Fortis' stability is further demonstrated by its uninterrupted 46-year track record of dividend increases, one of the longest among TSX-listed stocks.

Costco

Costco Wholesale Corp (NASDAQ:COST) is one stock that has been out-performing the market through the coronavirus pandemic. Down just 10% since February 20, it is way ahead of both the Dow and the NASDAQ. It's not hard to see why. As individuals race to stockpile supplies for self-isolation, they're seeking cheap goods in large quantities. Costco delivers on both counts.

Earlier this month, *The Washington Post* reported that Costco's sales had spiked thanks to bulk buying by members. This trend should result in the company posting higher than expected earnings for the first quarter. Of course, the current sales jump won't continue after the crisis is over, but now is a good time to buy COST ahead of what will almost certainly be solid first-quarter earnings.

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2. NYSE:FTS (Fortis Inc.)
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