Coronavirus Scare: Where to Invest $1,000 Right Now!

Description

The coronavirus scare is escalating, with 335,000 ongoing and recovered cases worldwide as of Sunday afternoon. As healthcare providers struggle to contain the virus, the strain on the system is becoming apparent. On Saturday, Italian prime minister Giuseppe Conte announced that he was shutting down manufacturing in the country, which has been hit especially hard. Other countries are taking similar measures, with business closures becoming widespread in Canada and the United States.

In times like these, it's normal to be worried. As isolation wreaks havoc on Canadians' mental and physical health, many are reporting increased anxiety. Some are also beginning to worry about their investments. The TSX is down 34% from all-time highs, and energy stocks are down even more. Those who bought in early March have seen their holdings decline considerably. However, with stocks cheaper than they were last month, buying opportunities abound. Almost all stocks are seeing their share prices tank in the current panic, but in many cases, the underlying companies are positioned to thrive.

By buying stocks in resilient sectors, you stand to make it through the coronavirus scare unscathed. To that end, here are three places to consider investing $1,000 right now.

Utilities

Utilities are the go-to stocks when times are tough. With ultra-stable revenue streams and high barriers to entry, they are nearly recession-proof. Most people won't cut out heat and light when times are tough, since they are basic life necessities. For this reason, utilities can withstand the cost cutting that happens in recessions.

A great example of this is **Fortis's** performance in the Great Recession. In 2008 and 2009, the company grew its earnings for two years straight. It also raised its dividend both years. In that same period, most publicly traded companies were seeing their earnings decline and cutting their dividends. It's a testimony to utilities' safety and stability during economic downturns. While Fortis has performed better than the average TSX utility over the last five years, utilities as a class are A-Okay, too. So, if you're not comfortable buying individual stocks, you can buy a TSX utilities ETF to help you ride out the bear market.

Discount retail

Discount retail is another sector that tends to thrive during recessions. In 2009, when the global recession was ongoing, **Wal-Mart** grew its year-end sales by 7.4% year over year. **Dollar Tree**, an even cheaper retailer, saw its share price increase 200% between February 2008 and December 2010.

Discount retailers thrive in recessions, because consumers tend to look for cheaper goods when times are tough. As unemployment hits people in the pocketbook, they cut out discretionary spending and seek cheaper staples.

One Canadian stock that could benefit from this tendency is **Dollarama**. Dollarama is a well-known discount retailer that dominates the dollar store industry in Canada. With an 18% share of the discount retail market, it's far ahead of its closest competitor. Dollarama has some of the lowest prices in the country on certain grocery items, particularly canned goods. This quality may make it a first choice for price conscious buyers, as the coronavirus takes a toll on peoples' spending power.

Foolish takeaway

With the world facing an unprecedented public health emergency, many people are worried. Rightly so. The public health risks posed by coronavirus are indeed serious. However, the crisis needn't hurt your finances. If you invest conservatively in recession-resistant assets, you can make it through the coronavirus scare in good shape.

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Date
2025/09/12
Date Created
2020/03/23
Author
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