



Stock Market Correction: Could There Be a Third Wave of Coronavirus Next Fall?

Description

As we finally start to turn the corner of the second wave, vaccinations are starting to pick up steam, and the stock market has avoided a second correction. There is strong hope we can finally start to put the pandemic behind us.

So it's not surprising that nobody will want to hear or even think about the potential for a third wave by next fall.

But with many hoping for a recovery by the second half of 2021, it's important to weigh the probability of what might happen logically. We can all be optimistic the world will recover from this as quickly as possible. And in many ways, with the rapid development of highly effective vaccines, we've done a pretty solid job.

Going forward, though, as much as we can be optimistic, we must also be pragmatic. That means understanding that there are still several major headwinds we face before returning to any type of long-term normality.

Risks that could lead to a market correction

First off, while there are several positives to take away from the development of multiple vaccines, there are still many uncertainties here and around the world. Uncertainty is never good, and it's what can easily precede a market correction, so it's crucial to monitor the global developments about the pandemic.

Right now, vaccine complications continue to get resolved. What's currently far more problematic are the issues arising when you consider the rapid spread of new, seeming more transmissible variants.

Experts are now warning that if we struggle to get enough people vaccinated and these new variants spread all throughout the summer, a third wave is highly likely in the fall. And while it may not be that bad, if it delays a permanent reopening that so many are counting on, there could be some serious negative consequences, including another market correction.

Like I said before, though, we are only just beginning February, so a third wave in the fall is a long way off. However, it's important to keep it in the back of your mind throughout the rest of the year. That way, you aren't caught off guard if the economy doesn't recover the way everyone's hoping for.

Investors should be careful with the amount of risk they're taking on. You can bet on a recovery in 2021, but I would still be cognizant it may not work out.

At the same time, I would also be holding onto your [recession-proof stocks](#). These stocks have underperformed lately as investors have been dumping them for higher growth stocks and businesses with recovery potential.

It's a little premature to be abandoning these stocks, though, in my view.

A top recession-proof stock to buy if you're worried about a market correction

If you're looking for a great long-term investment that will protect your capital in the short-run during these uncertain times, the **North West Company** ([TSX:NWC](#)) is an ideal choice.

North West owns grocery stores and supermarkets in remote communities in Northern Canada as well as Alaska. It also operates supermarkets in the Caribbean, making up about 20% of its business.

Consumer defensive stocks like North West are ideal for protecting your capital because people need their essentials even in the worst economic environments. However, North West doesn't just protect investors from a market correction.

It's also well positioned to grow shareholder value substantially. The company has been integrating and strengthening all aspects of its business. And because it has minimal competitors in these remote regions, North West has a tonne of potential going forward.

It's also been growing its market share through the pandemic. Smaller, non-essential stores have had to close, meaning more shoppers are turning to North West's supermarkets to buy their big-ticket goods. This is just another bonus and why the stock will not only protect your capital today but can grow your investment for years.

Bottom line

North West is an incredible investment. It's low risk, has a tonne of potential, and it's a [Dividend aristocrat](#). That's why the stock is a buy today. Because whether or not the market corrects again, it will be a top long-term performer.

CATEGORY

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