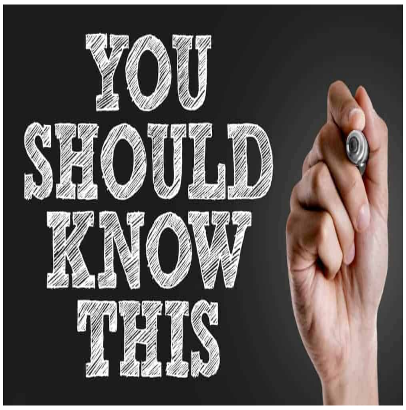

2 Stocks That Could Avoid the Next Stock Market Correction

Description

It's impossible to predict the next stock market pullback. What we do know for certain is that corrections and stock market crashes are inevitable. Eventually, investors panic about something and rush to sell.

This week, the unfolding debt crisis in China seems to be causing panic. Investors are worried about **Evergrande**, China's second-largest property developer, going under and dragging down the global economy with it. While it's too early to say if China's debt issue can cause global contagion, it's never too early to prepare for the worst.

Here are two stocks that could serve as safe havens in the next stock market crash.

Utility giant

Utility giant **Fortis** (TSX:FTS)(NYSE:FTS) performed remarkably well during the 2020 market crash. There's a chance it could outperform during the next crisis too.

As one of the largest electricity producers in North America, Fortis is in a relatively secure position. Its services are essential – people need to keep the lights on no matter what's happening in the rest of the economy. The business is further secured by robust pricing power, stable revenues, and long-term contracts.

During the stock market crash of early-2020, Fortis stock dropped 20% and quickly recovered in a matter of weeks. Investors who bought the dip now enjoy dividend yields over 5% on their cost basis.

The stock is currently trading at 22 times earnings per share and offers an utterly reliable 3.5% dividend yield. It should certainly be on your list if you're worried about the emerging debt crisis in China.

Gold stock

Gold is still the “fear barometer” for investors. Whenever there’s economic upheaval on the horizon, people park their cash in gold, pushing gold stocks higher. Canada’s largest gold miner **Barrick Gold** (TSX:ABX)(NYSE:GOLD) is an excellent choice for this strategy.

Barrick Gold stock surged 75% from March to May 2020 while the rest of the stock market was nosediving. It had a similar performance during the financial crisis in 2008. In fact, the stock is negatively correlated with market sentiment, which means it goes down when the economy is improving. In the first half of 2021, Barrick Gold *dipped* 20% as the global economy recovered.

That’s what makes this gold stock an ideal safe haven during a stock market crash.

Bottom line

The global stock market dipped this morning as Chinese real estate developers came under increasing pressure. Evergrande, China’s second-largest builder, is on the verge of bankruptcy. If it fails, the country could dip into recession since real estate is 28% of its economy.

Investors now fear that this could cause ripple effects across the world. It’s too early to say if that’s true. But it’s never too early to protect yourself. Gold stocks like Barrick Gold and all-weather stocks like Fortis should be on your radar. Good luck!

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