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Covid Persistence and Your Investments

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As vaccines are administered to more and more people, the rates of Covid-19 have fallen across the USA, Canada, the UK, and continental Europe. China is slow with its vaccinations but strict control measures have helped considerably in the nation where Covid-19 started. However, new Covid-19 variants are causing spikes in cases in nations like India, South Africa, and much of South Asia and Africa as well as South America. Economic growth is expected to go as high as 6.8% in the USA and even higher in China. However, this optimism is largely based on the expectation of Covid-19 being controlled and going away. Covid-19 recovery on a global scale and even within largely-immunized nations may not come as fast as we had hoped. Thus our concern has to do with Covid persistence and your investments.

Herd Immunity Threshold and Your Investments

Vaccines do two things. They protect the person who is vaccinated from getting a disease or from getting a severe case of it. And, when enough people are vaccinated or have already had the disease, this halts the spread of contagious diseases. Thus, childhood vaccinations for measles, mumps, and chickenpox have been given for years to provide personal protection and have driven down the rates of these “childhood diseases” to the vanishing point, except in areas where vaccine hesitancy has caused parents to not get their kids vaccinated.

With Covid-19, you get protection from the virus which is important for older people and others who are at greater risk and who are more likely to get very sick, be hospitalized, or die. For the sake of the public, the economy, and your investments the hope is to get to herd immunity. The “enough people” percentage for Covid-19 has been pegged at 70% of the population based on the initial spread of the virus. However, the new delta variant is more contagious. As a reference point, the Mayo Clinic notes that the [herd immunity threshold](#) for measles (a very contagious disease) is 94%!

You get variants arising from a disease like Covid-19 when lots of people remain susceptible to the disease. As such, vaccine hesitancy in the USA, Canada, the UK, and continental Europe may be setting up for more and more aggressive strains of Covid where the herd immunity threshold may rise to 80%, 90%, or higher!

Thus, one needs to be concerned about how vaccine hesitancy affects your investments.

Economic Growth as Covid is Controlled

The numbers look good for a post-Covid recovery providing that there is not a huge resurgence. The World Bank predicts a [strong but uneven recovery](#) based on steady increases in vaccinations and making vaccines available across the nations of the world. The USA is expected to grow at 6.8% this year and China at 8.5%. However, global growth is likely to be 3.2% lower than predicted prior to the pandemic with many nations

having shrinking economies. The longer term concern is that many nations have run out of cash and are running out of credit which has led to widespread demonstrations and even violence in countries like Colombia and South Africa. Skills sets have been diminished as workers have been sidelined and students have been unable to go to school. Never-the-less, things will improve everywhere, including with your investments, providing that vaccinations proceed and herd immunity is reached.

Economic Slowdown as Covid Persists

The fly in the ointment regarding any rosy predictions of strong economic recovery is the rise of new Covid-19 strains like the delta variant. Infectious disease experts have estimated that the herd immunity for the delta strain is likely closer to 85% than 70%. Thus, as more and more people refuse vaccination in the USA, UK, and continental Europe, we risk persistence of Covid-19 or even the worst case scenario of a repeat of last year if new strains are resistant to natural immunity from the initial strain and from vaccines. If that happens, all bets on a strong recover will be off.

Where to Invest as Covid-19 Persists

Pretty much everyone's economic and investment projections have assumed that eventually Covid-19 will either burn itself out by having infected virtually everyone or that enough vaccine will have been put in enough arms to reach herd immunity. If this goal is not achieved or Covid-19 gets worse again, where do you invest? All of the investments in high tech that allowed businesses to continue during the lockdowns will probably do well and continue to grow. Hospitality, travel, and other sectors that were driven down during the height of the pandemic will likely be hurt. [Biden's infrastructure-related investments](#) will likely prosper. And, companies that make Covid-19 vaccines and will make both boosters and "re-tooled" vaccines for new variants will turn into long-term investment opportunities as the world copes with Covid-19 for years to come.

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