Safe Investments: 2 Classic Food Retail Stocks to Buy Right Now

Description

Relief measures saw the **TSX** bounce 7% Tuesday. However, safe investments are still the order of the day. The country's biggest stock exchange is still down by 5% on average for the past five days of trading. Value opportunities will be abundant in the coming weeks, so get out those watch lists. Investors could consider adding shares in stages, owning an increasing stake at decreasing cost.

Consumer staples are safe investments right now

Loblaw and **Alimentation Couche-Tard** are a pair of solid buy-and-hold stocks for the coronavirus age. Buy for the safety of consumer staples and hold for the relatively safe dividends. These safe investments tap into the security of consumer staples and pay dividend yields of 2.1% and 0.9% respectively. But yield isn't everything, and the safety of food retail makes these oversold names a buy.

It's important to do your homework, however. Debt-to-equity is a key indicator of a lower-risk stock. Investors may want to zero in on this ratio as sign of a low-risk business.

The stock's balance sheet health is also a consideration. Loblaw's debt-to-equity of 1.5 trails that of Alimentation Couche-Tard, which stands at 0.76 and makes the latter stock the lower risk pick in this scenario.

The safety versus risk argument is now more critical than ever. Investors have been pushing up gold and food retail stocks. Conversely, high-risk areas, such as oil have seen catastrophic losses in the last two weeks.

But buying stocks from some at-risk sectors seem more warranted than others. Banking has seen some resilience in the past week as investors straddled the fence, for instance.

Cannabis: An unlikely winner in the coronavirus crash?

But this race isn't about short-term performance anymore. Investors have to take the long view. In order to do that, they need to look at cash runways to determine whether they are safe investments.

At least two Canadian cannabis stocks may be buys thanks to their stacks of cash. Other tailwinds may be on the way, with cannabis on the verge of being an essential industry at the moment.

As of last Monday, **Aphria** had ditched 20% in its previous five days of trading. Meanwhile, **Canopy Growth** was down 20% for the week at one point.

But Aphria pulled the cat out of the bag, finishing the week positive by 13.6%. Canopy came out of the **TSX** bloodbath up 12%. Both names have significant market capitalization that could make them relatively safe investments during the coronavirus crisis.

Medical marijuana is a strong focus for lower-risk cannabis investors, and Aphria delivers on this. The company specializes in retail and wholesale capsules, oral solutions, and vaporizers.

Canopy is a play for its industry expertise, courtesy of **Constellation Brands**, U.S. growth potential, and branding savvy.

The bottom line

Consumer staples are strongly recession-proof. Investors wanting to bet on a borderline recession-proof industries also have the high-growth potential of cannabis to think about.

However, to play it safe, a food retail investment can be balanced in more certain ways. These safe investments include utilities, gold, and apartment REITs.

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