



A Dividend Growth King to Buy Before It Corrects to the Upside

Description

The coronavirus pandemic has [wreaked havoc](#) on the restaurant industry. Nobody is eating out these days with the deadly coronavirus floating out there. With social distancing practices likely to continue for at least another month, many restaurant firms will stand to continue losing a tonne of business that they'll never get back.

You see, unlike the demand for smartphones, a restaurant kingpin like **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) won't experience a massive spike in the demand for whoppers from Burger King or coffee and doughnuts from Tim Hortons that will make up for business lost during the coronavirus pandemic.

While there will likely be pent up demand for Popeyes mouth-watering chicken sandwich, many expect a modest return to normalcy for restaurants once lockdowns are lifted and it's safe to go outside.

Once COVID-19 is contained, some pundits believe that things will never return to the degree of normalcy we experienced before the 2020 coronavirus pandemic.

The argument is that people are likely to remain vigilant to avoid the spread of germs. Some of the biggest bears on the Street are in the belief that the travel and restaurant industries will never be the same again.

How will the restaurant industry recover from the coronavirus pandemic?

That doesn't bode well for the restaurant industry, which has taken on double damage amid the coronavirus market crash. Many well-capitalized fast-food kingpins like Restaurant Brands, my top pick for April, crashed 55% from peak to trough on the coronavirus crisis.

I don't know about you, but after months of staying at home, I'm dying to return to the regular routine of heading down to the local Tim Hortons for my daily double-double. Although after all of this is over, I

would probably be more reluctant to shake hands with anyone!

Sure, restaurants will probably not enjoy a V-shaped sales recovery after businesses are up and running again. Many people are traumatized by the coronavirus pandemic and will likely continue avoiding crowded places for a while longer.

But over the long-term, the jitters will wear off as we make a slow and gradual return to normalcy.

Moreover, one must not forget that [the coronavirus's economic impact](#) will be felt long after it's gone. A record one million jobs were lost in Canada last month, and with many struggling to make rent, extreme belt-tightening is coming alongside what could be a severe recession.

Coronavirus pandemic: Get ready for a potentially severe recession

Without a universal basic income fiscal stimulus to give nationwide discretionary spending a boost, many discretionary businesses will feel immense pressure and won't recover from to pre-coronavirus pandemic levels anytime soon.

That means no dining out at fancy restaurants. In short, spending on "wants" will likely be off the table for a longer duration.

In times of extreme belt-tightening, people will need every dollar to go as far as it can go. Fast-food is an inferior good, which tends to sell when during times of economic hardship, making Restaurant Brands a compelling stock to own for the recession-plagued post-coronavirus pandemic era.

The stock sports an attractive 4.8% dividend yield and will pad the wallets of Canadians at a time when they need it most.

Foolish takeaway

Fast-food firms were heavily out of favour during the coronavirus pandemic. But in a post-pandemic era, they're where you'll want to be given their recession resilience and the "inferior" nature of the goods they sell. Right now, many fast-food plays are trading at unsustainable lows.

Restaurant Brands stock is trading at a considerable discount to its intrinsic value and looks to have formed a double-bottom technical pattern, which means now may prove to be a terrific time to double down on the stock for your TFSA before it corrects to the upside.

Given the bullish technical pattern, QSR shares could return to \$84 within weeks, implying 38% in upside from today's levels.

Stay hungry. Stay Foolish.

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1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

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