3 Top Canadian Stocks to Buy to Beat the Coronavirus

Description

The coronavirus pandemic and related economic fallout has impacted many Canadian stocks. The most affected are airlines, retailers, and entertainment venues. The TSX plunged sharply when the mid-March 2020 stock market crash hit. Even after the latest market rally, the **S&P/TSX Composite** is still down by 13% for the year to date. Economists are tipping that the recession sparked by the pandemic will be the worst downturn since the Great Depression. Despite this weighing on the outlook for stocks, some are poised to perform. Here are three top TSX-listed Canadian stocks that will perform in the current harsh operating environment.

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Leading Canadian airline

Cargojet (TSX:CJT) has gained an impressive 32% since the start of 2020, despite the gloomy outlook for stocks. The airline, which is Canada's number one overnight freight carrier, has experienced a significant lift in demand for its services since the coronavirus pandemic was declared. Urgent medical supplies and a sharp uptick in internet sales caused demand for Cargojet's services to spike.

There is every likelihood that demand will continue to grow. The pandemic appears to be the inflection point for internet retailers. Government measures to control the spread of the coronavirus, including social distancing and shuttering non-essential services, have caused retail internet sales to soar. **Amazon.com** reported a 26% year-over-year spike in first-quarter sales revenue, which it attributes to home-bound customers being forced to shop online.

Cargojet forms an important part of the logistical chain for internet retailers. The freight carrier is implementing measures to ensure it can meet the increased transportation volumes. Those additional volumes will give Cargojet's earnings an immediate lift.

Global internet sales platform

Canadian e-commerce platform provider **Shopify** (TSX:SHOP)(NYSE:SHOP) has gained a stunning 71% for the year to date. This is despite the coronavirus pandemic, related economic fallout, and a sharply lower TSX after the March market crash. This can be attributed to the increase in online sales because of consumers being forced to stay at home except for essential activities.

That will follow a stunning 47% year-over-year increase in fourth-quarter 2019 revenue, and 37% higher subscriptions revenue driven by more merchants joining the Shopify platform. Worldwide e-commerce sales are expected to expand by a notable 55% between now and 2023 to US$6.5 trillion.

Shopify, as one of the world's largest and rapidly growing e-commerce platforms, will secure a significant portion of that growth. The sudden growth of online sales will further bolster Shopify's market share.

Shopify is also taking measures to strengthen its operations during the coronavirus pandemic. These include extending its 90-day free trial and a $200 million commitment to expand Shopify Capital into core geographic markets.

Even after suspending its 2020 guidance, it appears that Shopify will perform better than expected.

Top industrial REIT

Another industry to benefit from the rise of internet shopping and the momentum initiated by the push to online shopping is industrial REITs. One Canadian stock that stands out is **WPT Industrial REIT** (TSX:WIR.U), which is attractively valued after losing 18% since the start of 2020.

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As a result, WPT is trading at a 19% discount to its value, highlighting the potential upside available and why now is the time to buy.

Despite not requiring a brick-and-mortar presence like traditional retailers, online stores require large logistical operations to manage inventory and deliver customer purchases. Rapidly growing online sales and e-commerce have triggered a significant increase in demand for industrial real estate.

A lack of investment in that segment coupled with rising demand has created a supply shortage. This is pushing asset values and rents higher. That will act as a powerful long-term tailwind for WPT Industrial. The REIT's purchase of a US$730 million logistics property portfolio will boost short-term earnings. WPT also boosted its liquidity, expanding its existing credit facility by US$600 million.

WPT's impressive occupancy rate of 99% at the end of 2019 and weighted average lease term of 4.9 years ensures the stability of its earnings. The REIT counts among its top 10 tenants several e-commerce businesses including Amazon. That will ensure that its earnings grow, as internet retailing expands at a solid clip.

While waiting for WPT to rally, you will be rewarded by its distribution yielding 6.6%.

CATEGORY

1. Coronavirus
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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CJT (Cargojet Inc.)
3. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

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