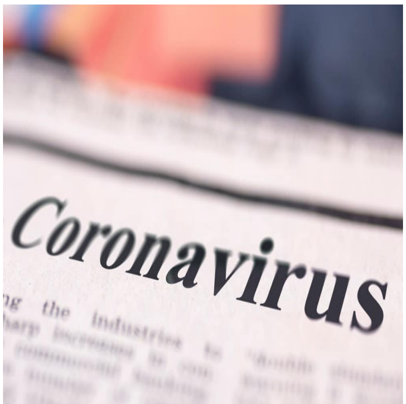

As COVID-19 Lockdowns Loosen, These 2 Stocks Will Soar

Description

The Great COVID-19 Shutdown will soon be in the rear-view mirror, as the economy reopens its doors for business in gradual phases. While there's no telling whether there will be a second significant wave of COVID-19 cases later in the year, many stocks within beaten-up sectors of the economy stand to recover some, if not all, of the ground, lost amid the COVID-19 crash.

COVID-19-induced shutdowns have forced revenues of many retailers, restaurants, and travel firms to nosedive. As restrictions ease and consumers are freer to spend as they desire, we'll undoubtedly witness some sort of relief across some of the hardest-hit sectors of the economy, as it becomes safer to return to the pre-pandemic normalcy that many of us have been longing for after months of quarantine and self-isolation.

Without further ado, here are two stocks that could soar on the economic reopening over the coming months. Both stocks coincidentally sport 3.6% dividend yields, which are slightly higher than that of their respective means.

Canadian Tire: A retailer that will roar as COVID-19 restrictions ease

Canadian Tire (TSX:CTC.A) stock had been decimated by the COVID-19 crash. Shares cratered well over 45% in a matter of weeks, but were quick to correct to the upside (CTC.A stock is currently up 53% from March lows) in April, when I pounded the table of shares of the heavily out-of-favour retailer.

Canadian Tire, which had found itself under the crosshairs of short-sellers in 2019, is a brick-and-mortar retailer first and foremost. The e-commerce platform helped the firm salvage sales amid lockdowns, but the company will likely continue to derive an overwhelming chunk of its sales via its physical locations given the "see-in-person-before-you-buy" nature of many of the goods that Canadian Tire sells.

As store traffic bounces back over the summer, we could also witness some pent up demand for many big-ticket discretionary items that wouldn't have made sense to purchase online. With some quarters of relief coming and enough liquidity to survive another lockdown, Canadian Tire remains a top pick heading into the summer months with shares trading at 1.87 times book.

Restaurant Brands International: A dividend king that could hit $100 by year-end

Fast-food firms took a hit to the chin amid COVID-19 lockdowns, as dining in became disallowed. To this day, many restaurants and fast-food establishments remain reluctant to open their doors to their dining rooms in the initial phases of the economic reopening.

As COVID-19 infections continue dropping and as more advanced phases of economic reopening are reached, though, fast-food firms like **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) have a tonne of room to run.

Fast-food firms like Popeyes and Burger King could witness a sales surge, perhaps abruptly to (and even beyond) pre-pandemic heights, as consumers longing for a return to normalcy rush back to the dining rooms of their favourite eateries.

Restaurant Brands stock has nearly doubled off its March bottom, yet the stock remains undervalued if you're in the belief that sales will rocket as lockdowns loosen.

Foolish takeaway on these COVID-19 stocks

Both Canadian Tire and Restaurant Brands look to be timely buys as the lockdowns loosen in phases. That said, both names could still be at great risk of surrendering significant ground should another wave of COVID-19 outbreaks be in the cards at some point in the future.

Fortunately, the liquidity positions of both companies remain strong enough to make it through this horrific typhoon. And should a vaccine unexpectedly land, both stocks could correct very sharply to the upside.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

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2. TSX:CTC.A (Canadian Tire Corporation, Limited)
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