



2 Stocks to Buy as Canada Reopens for Business

Description

For several months now, the COVID-19 pandemic has ravaged the Canadian economy, but investors are beginning to have reasons for a more positive outlook in the last few weeks. The stock market recently rallied to recover some of the substantial losses the market suffered from during March.

In even better news, provinces across the country are pursuing the [reopening of their economies](#). While there are a few provinces that are playing it safe and are taking a more cautious approach to opening up, Alberta has announced its plans to reopen movie theatres, gyms, libraries, pools, churches, bars, and restaurants.

Is it time to buy restaurant stocks?

After months of having no income besides deliveries and takeaway, restaurant owners have a reason to be more optimistic. With this announcement, restaurants across various provinces can reopen.

Restaurant owners have plenty of concerns to deal with. Besides ensuring a smooth reopening of locations, there is a need to introduce measures to guarantee customer safety. Even with loosening restrictions, Canadians might still feel hesitant to go out due to the pandemic.

COVID-19 has shaken everybody to the core. However, with restaurants opening up and no restrictions being placed on how many people can dine in, businesses might begin to boom again. It means restaurant shareholders might have plenty to look forward to in the coming weeks.

To this end, I am going to discuss **MTY Food Group** ([TSX:MTY](#)) and **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)).

MTY Food Group

With March 2020 causing several stocks to decline, the likes of MTY drastically suffered from the onset of the pandemic. From peak to trough, MTY declined by over 70% when the entire market witnessed a

downturn. The government-mandated lockdown and social-distancing requirements caused the stock to fall hard.

With the announcement of businesses opening up, MTY might be one of the biggest winners for investors who hold shares of the stock. At writing, MTY is trading for \$27.49 per share, and it is already up by 65.80% from its March low. The stock still has a long way to go before it reaches its pre-pandemic value.

MTY released its first-quarter 2020 earnings report in May, and it showed overall positive signs for the company. Its EBITDA rose by 45% from last year, and its net income increased by almost 30%. The management also confirmed that the pandemic had a minimal impact on the stock's Q1 2020 results.

It still seems like an ideal buy-on-the-dip asset that you can consider adding to your portfolio.

Restaurant Brands International

The pandemic forced many brands to switch to solely pickups and deliveries. Many restaurants that primarily deal with dine-in customers struggled to make the transition. Fast-food restaurants had fewer issues adjusting to the change.

Burger King, Tim Hortons, and Popeyes Louisiana Kitchen are three well-known fast-food names in the country. Restaurant Brands International owns and operates all three chains. With the lockdown coming into effect, QSR declined 54% from peak to trough.

At writing, the stock is trading for \$75.27, and it is up 85.21% from its March 2020 low. The stock is just 10.33% below its share price at the start of 2020. In its Q1 2020 report, Burger King continued to provide consistent performance. Popeyes took everybody by surprise by posting a sales growth of more than 30% during the quarter.

At its current share price, it seems that the buy-on-the-dip opportunity is no longer as profitable. However, this [Warren Buffett stock](#) could still be a top-quality asset to own in the sector moving forward.

Foolish takeaway

There may be a long way to go before the pandemic ends. However, things are beginning to look brighter as provinces open up. I have a strong feeling that restaurant stocks can rally substantially due to easing regulations. It could be an excellent time to buy up shares of companies from this sector. To this end, QSR and MTY seem like ideal options.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:MTY (MTY Food Group)
3. TSX:QSR (Restaurant Brands International Inc.)

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