



2 Stocks to Buy the Next Time the Market Crashes

Description

Investors can learn a valuable lesson from March's market crash: a crash *can and will* happen without warning. Once the bears are out in full force, there's no telling how low stocks may go. That's why it's important for investors to have a strategy in place when a crash happens and to know at what price they should buy a particular stock at.

Below are two stocks that investors will want to put on their watch lists and buy the next time the market crashes.

Shopify

One stock that's been on fire in 2020 is **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)). It broke through the \$1,000 mark earlier in the year as lockdowns and people staying home have actually helped the stock benefit from more traffic on its platform.

The popular tech stock released its first-quarter results on May 6. During Q1, its sales soared 47% from the prior-year period, even amid the COVID-19 pandemic. The company saw a 62% increase in the number of stores created between March 13 and April 24 compared to the previous six-week period.

A case could be made that the company may even be recession-proof. If people are home and out of work, one way they can make some money is by selling products and services on Shopify's platform. The stock hasn't gone through a full-on recession to prove one way or another how resilient it is to a recession. But one thing's for sure: if Shopify falls in price, investors shouldn't hesitate to buy it.

During the March market crash, shares of Shopify would fall below \$500. It's been rare to see the tech stock available at that price this year, and if investor scan get it near \$500, it could be a great buy. At over \$1,000, however, the stock's just [too rich](#), especially during a downturn.

Lightspeed

Lightspeed POS ([TSX:LSPD](#)) is another tech stock investors should keep an eye out for. In March, the stock would fall below \$11 — it's more than tripled since reaching that low.

Although it's not as big of a name as Shopify, that could make it a better buy. With a much smaller market cap, there's more potential for the stock to climb in value. In its first-quarter results this year, Lightspeed recorded an incredible [70% growth rate](#).

In its most recent fiscal year, the company reported US\$121 million in revenue — that's not even half of the US\$470 million that Shopify generated in its last quarter.

But one area in which Lightspeed has an advantage over Shopify is at its gross margin. Lightspeed's regularly enjoyed gross margins of more than 62%, while Shopify is normally in the 52%-56% range. Having a healthier gross margin can put a company in a better position to reach breakeven, something both tech stocks have struggled to do.

Lightspeed's an enticing buy as it resembles a younger version of Shopify — one that's more focused on businesses as opposed to individuals. In the stock dips to \$20 in the next market crash, investors shouldn't hesitate to buy Lightspeed.

With a solid product and service that its clients clearly value, Lightspeed looks like it could follow in Shopify's footsteps and become the next big tech stock on the TSX.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing

Date

2025/07/05

Date Created

2020/06/26

Author

djagielski

default watermark

default watermark