# Buy These 2 TSX Stocks as COVID-19 Cases Are on the Rise

### Description

The rising COVID-19 cases across the globe should make investors question their optimism. Government stimulus packages and the reopening of the economy provide some respite. However, weak economic indicators and uptick in COVID-19 cases last week suggest that fundamentals don't back the recovery in the stock market, and there is more pain ahead.



While too much uncertainty grips the market, investors should rely on top TSX telecom and food companies to smoothly navigate the current crisis. Both the sectors top the list of essentials and witnessed steady demand amid the COVID-19 outbreak. Further, the telecom and food sector should continue to do well irrespective of the economic situations.

## The telecom play

Within the telecom industry, **Telus** (TSX:T)(NYSE:TU) is my top stock pick. Telus is performing well across all operating metrics and continues to add new subscribers. Further, the telecom giant's hefty payouts make it an attractive bet for investors seeking steady dividend income.

In the most recent quarter, Telus reported 106,000 net client additions, which are nearly 12,000 more than the net client additions in the year-ago period. Besides, its total subscriber connections increased by 1,213,000 in one year. The company's wireless business reported 70,000 net additions, while the wireline business recorded net additions of 36,000 led by the internet and security offerings. Further, its mobile churn rate decreased to 0.94%.

The company's extensive network infrastructure and fibre footprint positions it well to drive net customer additions. Deals with popular content providers further bode well for growth.

Telus is known for paying stellar dividends. Since 2004, it has paid $13 billion in dividends. Steady sales growth, favourable mix, and cost reductions enable the company to generate strong cash flows that support its payouts. Telus stock offers an attractive forward dividend yield of 5.2%, which is safe.

# The food and drug retailer

**Loblaw** (TSX:L) owns an extensive network of food and drug stores that continue to witness steady demand. The stock remains immune to the big market swings and protects against economic downturns.

Loblaw's multiple store formats appeal to all demographics and make it a top shopping destination. The retailer's base business remains strong with steady growth in both traffic and ticket size. Meanwhile, its e-commerce penetration should support growth in the coming quarters, as more and more customers prefer to order online.

The retailer's online grocery shopping offers both convenience and value. Besides, Loblaw offers the same-prices online as in stores. Loblaw offers both home-delivery and click-and-collect services that should help drive traffic.

The retailer, during the first-quarter conference call, stated that its online grocery volumes remain very high. Meanwhile, it is scaling the online capacity to meet the growing demand by offering overnight picking slots, optimizing store space, and increasing labour hours.

Investors should note that Loblaw performed exceptionally well in the first quarter, with its revenues and adjusted EBITDA recording double-digit growth.

Loblaw's price-to-earnings ratio of 14.3 is comforting. Meanwhile, its negative beta suggests that Loblaw stock is among the safest bets on TSX.



**CATEGORY**

1. Coronavirus
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**TICKERS GLOBAL**

1. NYSE:TU (TELUS)
2. TSX:L (Loblaw Companies Limited)
3. TSX:T (TELUS)

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snahata