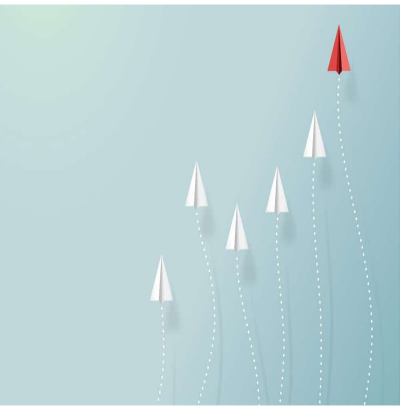

2 Growth Stocks I'm Buying When the Economy Reopens

Description

The COVID-19 crisis has been difficult, to say the least. Millions are out of work as the economy prepares to contract sharply. And while stock markets have rebounded, many individual stocks are still in the dumps.

As economies reopen, there are two growth companies at the top of my buy list. These businesses were crushed when the economy shuttered, yet their share prices don't reflect the upside of a reopening, no matter how slow.

If you want to buy high-upside stocks that can capitalize on the reopening of global markets, the two companies below are clear bargains.

Bet big on China

Canada Goose (TSX:GOOS)(NYSE:GOOS) was once of the hottest growth companies in Canada. Sales were growing at more than 40% annually. Roughly one-third of its sales were generated in international markets, which were growing at over 60% per year.

Then the coronavirus pandemic hit. Consumer spending fell off a cliff. The company's once-coveted $1,000 jackets became purchases for another day. Shares fell 50% in the first quarter of 2020.

The worst aspect of the crash was the impact on China, the largest luxury market in the world. Canada Goose was just beginning to expand there. Analysts thought this opportunity alone could double the size of the company. It was a big reason behind the stock's premium valuation.

Of course, the coronavirus began in China, placing a massive roadblock in the company's growth plans. Previously, shares traded between 100 and 150 times earnings. Today, the figure is closer to 30 times earnings.

It's important to remember that Canada Goose isn't going away anytime soon. The brand has been around since 1957. The first Canadian to summit Everest was outfitted by the company. The scientists in Antarctica swear by its gear.

As economies reopen, expect demand for Canada Goose products to return. That alone will provide a sizeable spike in its valuation multiple, and long-term growth will take care of the rest. For patient investors, this opportunity is a steal.

Pot stocks are rising

Cronos Group Inc (TSX:CRON)(NASDAQ:CRON) is another former all-star stuck in the dumps. Last year, shares reached $30. Today, they're below $9.

The important thing to know here is that this pot stock has *grown* sales over the past year. The issue has largely been a reset in expectations. The market was simply pricing in too much last year. But following the COVID-19 correction, the market is now pricing in too *little*.

Last quarter, the company had US$1.3 billion in cash, but its current market cap is just US$2.2 billion. That means the underlying business trades at just $900 million! That's a crazy price for one of the best-positioned cannabis producers in the world.

Last year, for instance, tobacco behemoth **Altria Group** purchased a 45% stake in the company for US$1.8 billion. That's *twice* the value of the current underlying business. Altria Group isn't a poor investor, either. Over the decades, it's gone from a small upstart to controlling 50% of the U.S. cigarette market.

With Altria by its side, Cronos should have a long future ahead of it. Now trading at a bargain valuation, it's a great pick-up for long-term investors.

CATEGORY

1. Coronavirus
2. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

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2. NYSE:GOOS (Canada Goose)
3. TSX:CRON (Cronos Group)
4. TSX:GOOS (Canada Goose)

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