



3 COVID-19 Stock Market Tips

Description

Global stock markets have been stressful for everyone this year. The COVID-19 pandemic crisis cut revenue for many firms, as consumers chose to stay at home. Luckily, the Canadian government responded quickly with the Canadian Emergency Response Benefit (CERB).

On the bright side, dips in the market like these are a great time to buy stocks. You can even use this time to take advantage of dollar cost averaging in investing.

Dollar cost averaging is an investment strategy where you add to your current positions when the price of the stock falls. The average price you paid for the entire position decreases. When the market value rises again, you will earn on the upside.

Alternatively, you can find some great stocks that will easily adapt and recover from the changes the COVID-19 pandemic brought upon the world.

Stock tip #1: Avoid COVID-19-impacted travel stocks

[A recent poll](#) showed that 85% of Canadians want to close the U.S.-Canadian border throughout the rest of 2020. Moreover, 90% of Canadians agree with mandatory 14-day quarantine restrictions for anyone who enters Canada. Lastly, 92% of Canadians don't see themselves travelling into the United States this year.

What does this mean for travel stocks like **Air Canada**? These aren't the best options to buy the dip on the market. In fact, you might want to avoid these altogether right now.

There will come a time to re-enter travel stocks. Now is not that time. Once the world gets closer to some resemblance of normalcy, then we can talk about investing in travel stocks.

Stock tip #2: Buy uptrending stocks

Uptrending stocks are your best bet. **Alimentation Couche-Tard** (TSX:ATD.B)(TSX:ATD.A) initially fell during the March stock market selloff and then climbed to new highs. The stock is now up 12.57% this year.



Alimentation is a strong Canadian brand with a global presence. The company owns convenience stores throughout North America, Western Europe, Eastern Europe, and Asia.

The price-performance of this company is actually pretty surprising. The company had the following to say about the impact of coronavirus on the firm's goals:

“Due to the implementation of restrictive social measures in the various geographies in which the corporation operates, the COVID-19 pandemic had a meaningful impact on financial results, mostly driven by declining traffic across the network. Fuel volumes declined rapidly following the initial response to the crisis but stabilized during April, while fuel margins overall benefited from the rapid and steep decline in crude prices as well as by changes in the competitive landscape. Merchandise sales benefited from a higher average basket which helped offset in part the lower number of visitors.”

Stock tip #3: Avoid overvalued stocks

Sometimes it can be difficult to tell when a stock is overvalued. Alimentation is a good example of an ambiguous stock pick. It is uptrending during a coronavirus pandemic that is having a meaningful impact on its bottom line.

Positive price moves that seem to counter logic, and facts might be telling you that something else is going on. Alternatively, the stock may be due for a downward correction.

Ultimately, no investment comes without risk. Use your best judgement and research your options thoroughly before making any decision.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)

PARTNER-FEEDS

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

default watermark

Category

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

Date

2025/08/20

Date Created

2020/07/20

Author

debraray

default watermark