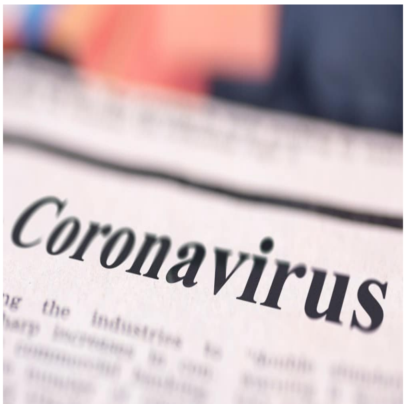

Got $3,000? 3 COVID-19 Resistant Stocks to Consider

Description

If you've got $3,000 to invest, you might be wondering where to put it. In recent months, we've seen stocks rise in tandem with a continued outbreak of COVID-19. With Texas and California walking back their re-openings, it's hard not to think that the market is being irrational.

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To an extent, that's a valid perspective. The prices we're seeing now would not be justified in a long-term lockdown scenario. Whether or not such a scenario plays out, it looks like market is currently ignoring its very real possibility.

However, as we saw in the initial COVID-19 market crash, not all stocks would be affected equally by renewed lockdowns. Tech companies and "essential service" stocks actually did OK the first time around, and would do OK in the event of a second wave.

The following are three such stocks to consider in July.

Cargojet

Cargojet Inc (TSX:CJT) has been one of the best-performing airlines in the COVID-19 era. Because it transports goods, not people, it hasn't been harmed by travel bans. In fact, its business has actually grown. CJT ships a lot of e-commerce orders, which surged as COVID-19 closed down retail businesses.

As a result, its adjusted earnings grew 24.5% and its revenue grew 11.4% in the first quarter. These are pretty solid results, and absolutely phenomenal results for an airline given the circumstances.

Unfortunately, the market seems to already understand this, and CJT stock has gotten quite expensive. Still, it could be a good buy for someone with a long term time horizon.

The Canadian National Railway

The **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is one stock you might want to buy if it dips in the future. As of this writing, it was trading at $129.2–an all-time high. I think this is too steep a price to buy CNR at right now, but I'd buy more of it if it dipped to $115 or so.

CNR had an incredible first quarter, with 31% adjusted earnings growth. That's largely because its Q1 2019 results were horrible, but it was still an impressive showing given the circumstances. While CNR shipped fewer orders in Q1 because of COVID-19, it made up for it with rate hikes and lower costs.

As for Q2, analysts were expecting a 27% earnings drop as of this writing. That's one of the reasons I wouldn't buy at today's prices, despite being a long term CN shareholder. Those Q2 results should be out by the time you read this. If they were better than expected, you could consider taking a position today.

Dollarama

Dollarama Inc (TSX:DOL) is a dollar store that's well positioned to thrive in the event of long term COVID-19 risks. As a discount retailer, it benefits from cutting costs, as it sells low cost items. All dollar stores have this advantage, but Dollarama is the dominant dollar store in Canada and is thus the obvious choice. Its most recently quarterly results confirmed its strength in a weak economic environment.

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The company's sales increased by 2% in Q1 and beat analyst earnings estimates by about $30 million. Normally, 2% revenue growth wouldn't be good news, but it's a comparatively strong result in the COVID-impacted first quarter of 2020.

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2. TSX:CJT (Cargojet Inc.)
3. TSX:CNR (Canadian National Railway Company)
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