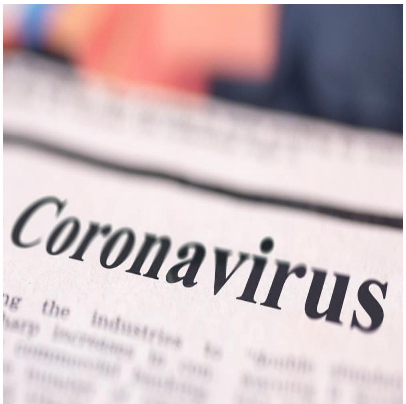

A Top Stay-at-Home Stock to Buy If You Think This Pandemic Will Worsen

Description

Although the stock market has mostly recovered from the coronavirus disease 2019 (COVID-19) sell-off that sparked fear across the world in February and March, investors need to temper their enthusiasm, as we're not out of the woods yet. This pandemic is an unpredictable beast.

Anytime local geographies take the pressure off containing (social distancing, mask-wearing, and all the sort) the insidious coronavirus, a nasty resurgence is likely to follow.

So, with many urban Canadian cities stuck in phase two of reopening, investors should expect this kind of semi-normalcy to remain until the approval of an effective COVID-19 vaccine, as it will likely be difficult to eliminate COVID-19 from urban hotspots without one.

Health experts think an effective vaccine is likely by mid-2021. However, if it turns out such pundit projections are too optimistic, those COVID-hit stocks that have made a run in recent weeks could be at risk of a severe correction, and stay-at-home stocks could regain significant momentum.

As such, investors should curb their vaccine optimism and expect this kind of pandemic-plagued semi-normalcy to last for at least two years.

Curb your vaccine optimism

Stocks like **Air Canada**, which depend on a vaccine for their survival, may not make it out of this crisis under its own power if worst comes to worst. So, limit your exposure to such firms that either have excessive cash bleed like commercial airlines or limited financial flexibility.

While the price of admission into stay-at-home stocks has gone up in recent months, I still think there's still value to be had in some of the COVID-resilient names for those who pick their spots carefully.

And should optimism over the advent of a vaccine spark a rotation out of COVID-resilient stocks and into COVID-hit stocks, you may be able to get an even better bargain going into year-end. So, keep your powder dry, but do initiate a partial position in a name like **Goodfood Market** (TSX:FOOD), which have thrived amid the pandemic and will continue doing through the rough year ahead, especially if we're due for a severe second wave of COVID-19 infections.

Goodfood Market: One of the hottest stay-at-home stocks on the TSX Index

Goodfood is a Canadian meal-kit delivery company that makes it easy for Canadians to self-isolate or quarantine amid this pandemic. When there's a severe outbreak of COVID-19 in a given city, a weekly grocery run can feel horrific. And while the price paid for the convenience of meal kits is up for debate, it's clear that during a pandemic, the value proposition to be had by such delivery services is that much higher, as demonstrated by record subscriber growth in the first half.

Some think meal kits are a fad; I think they're here to stay, even after the pandemic ends. Why? Goodfood's operating efficiency is improving, and in due time, the company can pass the value back to its customers, giving it an edge over its peers in a now very crowded industry.

While I do expect plenty of subscribers to cancel or lower their frequency of orders once COVID-19 is eliminated, I wouldn't underestimate Goodfood's ability to retain its subscribers, given its strong customer engagement.

Foolish takeaway

Goodfood stock has nearly quadrupled since March, but shares are still dirt-cheap at just 1.8 times sales at the time of writing. If you're looking for an excellent pandemic hedge at a stellar price, Goodfood is too good to pass at these levels.

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Date
2025/08/22
Date Created
2020/08/14
Author
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