1 Stock to Buy in the Next Market Crash

Description

The TSX has had a fairly strong recovery, given today's situation. The pandemic brought businesses to their knees in many cases. Even though overall markets are still down, there are some out there that believe we might actually be in the clear. But I would caution against this.

It's true that Canada is opening its doors for businesses. The country is starting to trade again, fly again, even teach again. But that's the frightening part. With all this opening, it's quite likely that there will be further waves of the virus hitting Canadians once again. When that happens, even if it's not as bad as before, there will be market dips — each and every time.

What you want to do in this environment is get defensive. Luckily, it's easy to see what stocks to buy. You simply have to see what has done well, despite, or even because of, the pandemic. If you have a fair bit of cash to work with, it could be the right time to buy up a strong, defensive stock like **Shopify** (TSX:SHOP)(NYSE:SHOP).

Major growth

I'm not just talking about its shares, but that deserves mentioning. Shares in Shopify have skyrocketed this year. The company started out the year at about $525 per share. After climbing steadily, those shares fell when the market crashed by about 8%. Since then, shares have spiked. At its peak shares reached $1.472.98 — a climb of 205% in only a few months!

There are two reasons for this climb: assumptions and truths. The assumption was that as the pandemic spread, businesses would need to move online. Large and small, every business needed to at least try and stay afloat by offering as many online services as possible. One of the first places these businesses would look would be a household names like Shopify.

The truth confirmed this. Shopify's earnings growth continued to defy analyst expectations. New store creations grew by a whopping 62% in the first quarter. Revenue was also up yet again by 47%, with subscription services also up 34%. But now there is a new question: is it sustainable?

Future falls

There are two more things to consider when it comes to Shopify: sustainability and market dips. When it comes to the latter, market dips are almost a certainty for the broader market, and Shopify alike. When the market falls, investors looking for quick cash are likely to drop Shopify. This will leave an opportunity for investors to get in while shares are at least a bit lower.

But will you want to? Is this all sustainable? In my opinion, I'd say yes. There are more reasons than the pandemic to support Shopify. What I like about the stock is it's partnering with every major online social media organization out there. The company has partnered with **Pinterest**, **Facebook**, and **Alphabet**, just to name a few. While these household name partnerships might slow down, what investors can look forward to is the fruits of this labour. There is still a lot more growth this company can do.

Foolish takeaway

What you really need to consider is if you're willing to take a chance on this stock, and for how much? If you're hoping for it to crash back down to $200 or even $500 per share, I think you're dreaming in today's environment. Even during the last crash, Shopify was only affected by 8%. By those numbers, you might be looking at more like $1,000 for a bargain during the next market crash.

But if you do decide to buy, take the advice of the Motley Fool and big investors: hold. Buy and hold for the long term, and there's no telling where this stock may rise. Shopify has grown 3,640% as of writing since its initial public offering. If its e-commerce peers are any indicator, you could be looking at doubling this stock in the next decade at least.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing
3. Tech Stocks

Date
2025/09/06
Date Created
2020/08/16
Author
alegatewolfe