



Cargojet (TSX:CJT) Is About to Crash: When it Does, BUY IT!

Description

There are few stocks doing really well right now, but **Cargojet** ([TSX:CJT](#)) is certainly one of them. Shares in the company are up 77% since the beginning of the year and 177% since the market crash back in March.

Since it's hard to find stocks that actually show promise right now, it's tempting to buy up stocks like Cargojet. There are multiple market crashes likely in the future. As each new wave of the virus hits, another crash could happen. So, it might be an excellent time to cash out on stocks that are doing well before a new crash happens. Then, once the crash hits, buy Cargojet in bulk.

Future fallout

As I mentioned, all stocks are at risk to fall in the very near future. The pandemic has [severely hurt economies](#) around the world. Canada is finally opening its doors, but as that door gets wider and wider, the virus can sneak in and cause a huge mess once again.

The good news is that the virus isn't new to us anymore. We know at least in part how to handle another wave, even if that means shutting down businesses yet again. This is what is likely to cause another crash in the markets, even though it's likely it won't be as bad as the one in March.

This would be the case for Cargojet as well. The stock has been trading at all-time highs since the crash in March. So, when another crash happens, the company won't be immune. Investors will look to sell their highest earners, and that could very well be Cargojet.

Why buy?

Cargojet proved to be a great defensive stock during the market crash. This time won't be an exception. While a new dip is highly likely, it's also likely that it will go back to trading at all-time highs very soon after the next crash.

The main reason is that this company has played its hand well with the increase in e-commerce traffic. The work-from-home economy created a huge increase in online sales — products that shipped using Cargojet. One of the companies seeing the biggest increase in traffic was **Amazon**, a company that partnered with Cargojet only last year.

That's what's really exciting about the future of this company. Amazon has a 9.9% stake in Cargojet. Once Amazon can deliver \$400 million in business over the next few years, that stake could increase to 14.9%. This was before the pandemic. The huge increase in e-commerce demand means Amazon could very well reach that goal in the next year or two.

As the partnership grows, you could very well see a huge growth in share price in both the near and long term. While the share price will slow down eventually, that likely won't happen until after Amazon's stake increases to that 14.9%.

Bottom line

I'd love to tell you that buying a stock today is the answer. And, true enough, Cargojet should [continue to rise](#) if you already own the stock. But if you have some patience, another market crash is highly likely. While it's scary, it's also the perfect opportunity to buy up defensive stocks like Cargojet for long-term gains.

For an example, let's say there is another crash equal to the one we saw in March. If you purchased 100 shares in Cargojet, that means you could turn \$11,160 into \$30,900! While I would never recommend waiting around for a market bottom, it just shows how much you can make in a very short period of time.

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