



## 2 Stocks That Could Skyrocket Once the COVID-19 Pandemic Ends

### Description

As [COVID-19 cases surge](#) in various localities, stocks within the most vulnerable COVID-hit industries may be poised to surrender some of the ground gained during the [relief rally](#) out of the depths of March. While we are closer to a safe and effective vaccine than back in February, it remains nearly impossible to evaluate hard-hit businesses, some of which may not make it through this crisis under its own footing. It's tough to gauge the vaccine timeline at this market crossroads.

Various health experts think that a vaccine could be ready for broad distribution in the middle of next year. Of course, nobody knows for sure, so investors should be ready for anything and not seek to overweight COVID-hit stocks with the assumption that this pandemic will be a distant memory in 2022. That said, you shouldn't ditch all your COVID-hit stocks in favour of pandemic-resilient plays, because the tides could turn in an instant if a vaccine breakthrough happens sooner than expected.

This piece will have a look at two battered Canadian stocks that could skyrocket on the advent of a safe and effective coronavirus vaccine. But be warned: such stocks could take further hits to the chin before they have a chance to sustainably correct to the upside in response to greater certainty with the pandemic timeline.

If you've got a stomach for pain and the ability to take on more risks relating to the pandemic, consider scooping up shares of **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and **Canadian Tire** ([TSX:CTC.A](#)), two market darlings that have fallen from grace amid this crisis.

### Restaurant Brands

If we're due for another several months' worth of hunkering down, more pain is in the forecast for restaurants of all sizes. Many restaurants aren't going to survive a second (or third) wave, and once this crisis is finally over, the restaurant scene across all geographies will be less crowded.

For behemoths like Restaurant Brands, with deep enough pockets to survive the crisis and benefit from less competition on the other end of this pandemic, I think the crisis acts as a mild long-term tailwind that's temporarily being masked by short-term headwinds. For now, all restaurants will see their top

and bottom lines implode. When it comes to Restaurant Brands, though, the less-crowded post-pandemic restaurant scene and the recessionary environment bode well for the company, as it looks to get out of crisis mode and into full-on growth mode.

At these depths, Restaurant Brands is all about taking short-term pain for long-term gain. The stock seems way too undervalued, given it's one of few restaurants in the water that's swimming with its trunks on, ready for the tides to go out once again. My financial models suggest QSR stock could blast past \$100 (around 35% upside) once this pandemic winds down. In the meantime, investors should be ready for excessive amounts of volatility.

## Canadian Tire

Canadian Tire is a retailer that took a hit in the first wave of COVID-induced shutdowns. The province of Ontario is suffering a huge resurgence, and if it's a sign of things to come for the rest of the country, reopening rollbacks and shutdowns could halt Canadian Tire's recovery in its tracks.

Fortunately, Canadian Tire is one of the few discretionary retailers that have demonstrated tremendous resilience in the face of this crisis. The company's e-commerce platform has been shining. With more than enough liquidity to weather another storm, I think a second wave will cause a mild pullback in shares of Canadian Tire, rather than a vicious crash like the one suffered in the first half of the year.

Canadian Tire's abrupt recovery from the first two quarters of the year was also remarkable. It's clear that the iconic retailer isn't going anywhere anytime soon. With an enhanced digital platform, I think Canadian Tire could rise out of this pandemic stronger than it entered. The new normal will continue to weigh on the stock of Canadian Tire, but once it's safe to go out again (for good), I'd say Canadian Tire could easily bounce to \$150. Sure, brick-and-mortar stinks right now, but it's unwise to bet against a retail company as iconic as Canadian Tire, even in the face of a crisis.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
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### TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:QSR (Restaurant Brands International Inc.)

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