Winter Is Coming: 3 Stocks to Buy if the Stock Market Crashes Again

Description

Investors are getting jittery due to the rising number of coronavirus cases in North America and Europe. There is a chance for lockdown restrictions to be re-imposed, which might spell doom for sectors such as airlines, hospitality, energy, and retail. Companies such as **Air Canada**, **Canadian Natural Resources**, and **Cineplex** are already trading at multi-year lows and have burnt significant investor wealth in 2020.

So, where do you invest right now if the stock market crashes again? We'll look at three companies that are coronavirus proof and should outpace the TSX.

Shopify sales will continue to rise

The first stock on the list is **Shopify** (TSX:SHOP)(NYSE:SHOP), which is now Canada's largest company in terms of market cap. Shopify has been one of the top-performing stocks since its IPO in May 2015. It has, in fact, returned a staggering 6,000% for IPO investors.

In the second quarter of 2020, Shopify sales were up 97% year over year, while gross transaction volume soared 119% higher. Shopify will report its earnings on Thursday, and analysts expect sales to increase by 67% to US$653.22 million, while earnings are estimated at US$0.51 compared to an earnings loss of US$0.29 in the prior-year period.

The pandemic has acted as a tailwind for Shopify and changed consumer shopping behaviour. People have no choice but to shop online, and e-commerce sales accounted for 16% of total sales in Q2, up from just 11% at the end of 2019, making Shopify a top stock for the upcoming decade.

A Warren Buffett buy

Warren Buffett owned **Berkshire Hathaway** bought over 20 million shares in Canadian gold mining company **Barrick Gold** (TSX:ABX)(NYSE:GOLD) in Q2. Gold stocks tend to move in opposition to the stock market, and this inverse relation makes Barrick Gold a perfect hedge against a stock market crash.

Further, as interest rates are nearing record lows, and quantitative measures weigh heavily on the U.S. dollar, the demand for gold and mining stocks is bound to rise. Gold prices have been on an upward spiral for a couple of years, which has helped Barrick Gold to improve bottom line at a stellar pace.

In Q2, Barrick's earnings of US$0.20 were 82% higher compared to the prior-year period. Further, analysts tracking Barrick forecast earnings to double in 2020 and rise by another 40% in 2021.

In the June quarter, Barrick Gold reported production of 1.15 million ounces and is on track to achieve its target of 4.8 million ounces for 2020.

A utility giant

Another stock that is well equipped to survive a stock market crash is utility company **Emera** (TSX:EMA). It managed to increase sales from $2.2 billion in 2013 to $6.1 billion in 2019. Analysts tracking Emera forecast company sales to reach $6.3 billion in 2021. The company pays annual dividends of $2.55, indicating a tasty yield of 4.6%. This means a $10,000 investment in Emera will generate $460 in annual dividends.

In the last two decades, Emera has returned over 9% annually to shareholders and has increased dividends at a CAGR of 6% since 2000. It expects to increase dividends between 4% and 5% through 2022.

Emera will invest around $850 million to install 600 megawatts of solar in Florida by 2021, which will help the company improve cash flows and increase dividend payouts in the upcoming quarters.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:EMA (Emera Incorporated)
5. TSX:SHOP (Shopify Inc.)

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