



TSX Stocks: The Pandemic's Biggest Winners Lose Big on the Vaccine News

Description

Broader stock markets changed course on the vaccine news yesterday. While TSX stocks at large gained big, the top-gainer sectors of 2020 like tech and mining tumbled on November 9. But what should long-term investors do?

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is unarguably one of the biggest winners of the coronavirus pandemic. Probably that's why investors turned cautious and felt like booking some profit on the vaccine news. Shopify stock fell 14% yesterday, which indicates an almost 22% correction from its all-time high in September.

While many companies closed down amid the pandemic, Shopify has had one of the best years so far. Many small- and medium-scale businesses turned to Shopify to grow their digital presence amid the pandemic. So far in 2020, its revenues have increased by 82% compared to the same period in 2019. Its strong balance sheet and exciting earnings growth boosted the stock.

Despite its strong fundamentals, Shopify stock looks extremely [overvalued](#) compared to peers. As we saw yesterday, the above-average volatility in the stock might continue, driven by its premium valuation.

However, it's worth pondering that, even if the vaccine comes, will that discontinue digital shopping and online payments? Not at all! These consumer behavioural changes are here to stay in the long term and will even grow at a rapid pace. Thus, Shopify remains an attractive high-growth stock, and the recent correction could be an opportunity for long-term investors.

Cargojet

Cargojet ([TSX:CJT](#)) stock fell around 13% on November 9. The air freight operator stock has doubled this year. Cargojet's unique network in Canada and overnight delivery played well during stay-at-home orders amid the pandemic. Its revenues significantly increased this year compared to 2019.

More importantly, even post-pandemic, e-commerce will likely continue to see accelerated growth, which will be important for Cargojet. However, whether it manages to keep the top-line growth intact remains to be seen.

I think Cargojet might see a more severe weakness, as its stock seems to have gone ahead than warranted. It is trading six times its forward sales estimates, higher against its historical valuation. The stock might see a pullback for a longer period compared to broader markets.

Barrick Gold

The pandemic has dented global economic growth and shoved many economies into recession. Amid all this gloom and doom, investors turned to a safe haven — gold. Along with tech, gold miner stocks gained big so far this year. Shares of **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), the second-biggest gold miner globally, surged more than 60% this year.

However, the vaccine news yesterday once again forced investors towards riskier assets, making gold less attractive. Barrick Gold stock was one of the biggest losers and plunged 7.4% yesterday.

Higher realized gold prices notably boosted gold miners' earnings this year. Barrick Gold [posted](#) almost 140% earnings growth year over year so far in 2020. Its consistent production growth and higher yellow metal prices compared to 2019 might continue to underpin its earnings growth, at least for the next few quarters.

Notably, the recent correction does not mean Barrick Gold stock has lost its lustre. Warren Buffett-led **Berkshire Hathaway** began its position in Barrick in the last quarter. Barrick's improving net debt position and constantly growing dividend make it an attractive bet for long-term investors.

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:CJT (Cargojet Inc.)
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Date

2025/08/22

Date Created

2020/11/10

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