



## Canada Goose (TSX:GOOS) and Another Stock Could Skyrocket in 2021

### Description

On Tuesday, **CIBC** released a report which estimates that Canadians are holding around \$90 billion worth of [excess cash](#). Many folks who've been on lockdown for most of the year haven't had the opportunity to meet their typical [discretionary spending habits](#). Many others have been doubling down on their nest eggs, as pandemic uncertainties continue to mount. CIBC also reported that Q2 savings rates jumped 28% quarter over quarter.

### There's a lot of cash on the sidelines

With another generous U.S. stimulus check on the horizon and further Canadian relief benefits flowing to Canadians, the average person is likely to see their cash hoards swell that much further over the coming months. That's a lot of disposable cash, and it's going to be put to use eventually.

I think there's a huge pent-up demand for discretionary goods and think it'll be met next year in a big way. Once the pandemic concludes, the floodgates could be opened, and we could witness a discretionary spending surge — the likes of which we may not have witnessed in decades.

As this horrific year draws to a close, investors should look to the consumer discretionary bargains of 2021 while they still exist, before earnings have a chance to pop in a big way. With two incredible coronavirus vaccines with efficacy rates of up to 94.5%, a 2021 end of the pandemic is now becoming an expectation rather than a possibility. And once COVID is conquered, I'd be willing to bet that the discretionary spending floodgates could be opened as massive cash piles look to flow back into the economy.

### What to buy to play a post-pandemic discretionary spending boom?

Look no further than shares of **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)) and **Aritzia** ([TSX:ATZ](#)), two clothing plays that could be major beneficiaries of a post-pandemic discretionary spending boom.

Many shut-in folks with excess cash piles are going to want to treat themselves with a gift after getting through a brutal 2020.

Both the Goose and Aritzia have an incredible omnichannel presence. Their e-commerce businesses allow people to shop for discretionary goods with their excess cash from the comfort of their own homes. But with the insidious coronavirus that's still out there, many may not have the security to put their swollen rainy-day funds to work. Coronavirus cases are surging, and job security is still as low as ever, with various firms continuing to lay off or furlough considerable numbers of staff to relieve balance sheet pressures.

That means the pent-up demand for extremely discretionary goods is unlikely to be met until we've got more certainty with the economy's recovery prospects. If COVID is conquered next year, we'll likely witness a massive bounce in employment. Such a bounce will boost aggregate consumer sentiment and the appetite for goods like luxury parkas offered by Canada Goose or the popular puff jackets from Aritzia.

Both Canada Goose and Aritzia have been flying in recent months, with ATZ stock inching closer to its pre-pandemic high. While the recent sales recovery is remarkable, I still think the best has yet to come, especially for Canada Goose, which takes discretionary spending to the next level. Although GOOS stock has more than doubled off its March lows, the name remains 50% off its all-time high. And after excess cash flows back into the economy, I'd be willing to bet that GOOS could double to see new all-time highs by 2022.

## Foolish takeaway

The time to be bullish on discretionary stocks, I believe, is now. If you're like me and think CIBC's latest data points to a post-pandemic discretionary spending boom next year, names like Canada Goose and Aritzia should be at the top of your shopping list. Consumer spending has already begun to show signs of recovery, but it's likely just the start.

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