



COVID-19 Lockdown: 2 Stocks to Buy Today

Description

Much of Canada is contemplating COVID-19 lockdowns or has already instituted them. As investors, we can look at this as an opportunity. [The opportunity lies in taking advantage of whatever market volatility lies ahead.](#) It also lies in knowing which stocks thrive under lockdowns.

Today, the **S&P/TSX Composite Index** is trading near all-time highs. On the one hand, this seems like it makes no sense. But on the other hand, we have to keep in mind that markets are a reflection of expectations. This is what matters most.

So, what is the opportunity for us investors as COVID-19 lockdowns take effect? In this article, I have identified two “lockdown” stocks to buy. I define lockdown stocks as those stocks that benefit from lockdown measures.

Are lockdowns priced into stocks?

I think it's fair to say that the market is looking forward to what comes after lockdowns. [Promising vaccines have shifted the focus beyond the virus.](#) It's hopeful, but I can't say it's realistic. As the second wave accelerates, we are bound to see more pain.

It is pain that is coming for the many stocks that will be directly affected by lockdowns. This has me searching for lockdown stocks. Again, these are companies that thrive under lockdown conditions.

Shopify stock is booming as e-commerce soars

The business of online business is thriving. This was true before the pandemic hit. It is true even more now. Lockdown restrictions and social distancing have sent many entrepreneurs online. Actually, they have sent all businesses online.

As a facilitator of the e-commerce business model, Shopify thrives under lockdown conditions. We have seen this all year. Shopify's third-quarter earnings beat expectations recently. By a lot. Revenue

is booming and is up 82% so far this year. Also, estimates are on the rise, which is always a positive sign.

Lastly, Shopify's partner ecosystem continues to expand. For example, Shopify recently launched the TikTok channel. This enables merchants to market their products using TikTok for business.

Shopify stock will continue to see momentum, especially under lockdown conditions. As for valuation, it is high. But revenue and earnings of this high-growth company may actually catch up to the stock's valuation.

Goodfood Market stock is up 381% since the first lockdown in March, and that's just the beginning

Lockdowns force us to rethink everything. Fear of the virus also causes us to rethink everything. Do we really need to shop at grocery stores? Thankfully, today there are many options. For example, we can order our groceries online for delivery. But there are also more creative solutions available.

Goodfood Market ([TSX:FOOD](#)) offers a healthy and delicious list of meal recipes. And customers receive the ingredients to their meals of choice at their doorstep. These are healthy meals. And they are delicious meals that introduce a new excitement to mealtime. I speak from personal experience.

And many others agree, maybe even you. Revenues and subscriptions are soaring. Goodfood is meeting a demand that was there even before the pandemic. But its growth profile has been dramatically accelerated since the pandemic. As the business continues its momentum, the stock will follow. The lockdown will accelerate all of this once again. Therefore, Goodfood stock is a stock to buy today.

Motley Fool: The bottom line

The second wave is forcing many jurisdictions into lockdown once again. This will surely hit the market. The "lockdown" stocks to buy are the same ones that have been thriving since March. Shopify stock and Goodfood stock are just two of the stocks that will see continued momentum. Booming demand will continue to drive these stock prices higher.

CATEGORY

1. Coronavirus
2. Investing

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1. Editor's Choice

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1. NYSE:SHOP (Shopify Inc.)
2. TSX:FOOD (Goodfood Market)

3. TSX:SHOP (Shopify Inc.)

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