



2 Top TSX Reopening Stocks That'll Be Unstoppable in 2021

Description

As the [pandemic-plagued year](#) draws to a close, investors should be thinking about scooping up shares of battered reopening plays for a shot at outsized returns in 2021. With skyrocketing COVID cases, the winter is about to get much worse before it gets any better. With the vaccine rollout underway, normalcy is within reach. While various “reopening” stocks will stand to take a beating before they get to the light at the end of the tunnel, I still think they’re worth betting on, as long as you’ve got the stomach and an investment horizon beyond 18 months.

Consider **Sleep Country Canada Holdings** ([TSX:ZZZ](#)) and **Aritzia** ([TSX:ATZ](#)), two discretionary retail stocks that I believe could have a massive year, as the pandemic ends and people look to exhaust savings in those nice-to-have discretionary goods.

In a prior piece, I’d brought up the idea that we could be in for a post-pandemic discretionary spending boom, and that various retailers could have incredible upside if consumer sentiment were to take a 180-degree reversal.

Today, people have been saving up to get through this unprecedented crisis. Once the economy has a chance to heal from the coronavirus crisis and people get headed back to work, people will likely have less of a need for excess rainy-day savings and more for discretionary purchases to reward themselves for getting through a brutal 2020.

Sleep Country

Sleep Country is a mattress retailer that I’d recommended investors hit the snooze button on many years back, as the stock itself was likely to go to sleep amid rising competition from mattress-in-a-box startups and sluggish sales growth. To offset competitive pressures from up-and-coming e-commerce players, Sleep Country scooped up online mattress player Endy in a deal worth \$89 million while creating a mattress-in-a-box product of its own with the Bloom brand.

I guess you could say that Sleep Country didn’t fall asleep at the wheel as millennial-friendly e-commerce firms threatened to steal the mattress kingpin’s slice of the pie, which would certainly cause

the management team to lose a bit of sleep.

While acquiring the competition won't offset the pressures brought forth by firms such as **Casper** and **Purple**, two compelling players in the space, I think that a majority of people will prefer to try a mattress before they buy, no matter how attractive a retailer's return policy is. The showroom experience isn't going anywhere, although I'm sure it's quite a novel experience to have a mattress delivered to your doorstep at the click of a mouse.

At the time of writing, Sleep Country stock is up big (around 220%) since March, and I have a feeling it's not done yet, with a potential discretionary spending boom on the horizon.

Aritzia

Aritzia scores top marks for its omnichannel presence in my books. The woman's clothing retailer, which just last year made a puffy jacket aimed at men, went into the year in a position of incredible strength. The coronavirus crisis caused shares to implode, losing nearly 60% of their value from peak to trough. Today, the stock is within a few percentage points of posting a full recovery. With digital sales doing the heavy lifting through the worst of this pandemic, I'd say the company is well on track to crush some 2021 quarters, once offline and online are both firing on all cylinders.

Moreover, Aritzia's in-store experience is top notch and is likely to draw big crowds again once the pandemic ends and social-distancing practices become a thing of the past. With the best growth days still ahead of the Vancouver-based retailer, I'd say now is the time to buy the stock before it has a chance to breakout on the back of a discretionary spending boom.

The Aritzia brand is getting [stronger](#) by the year. And I suspect the name will pick up where it left off in mid- to late 2021.

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