



2 Top Stocks for January 2021

Description

As investors, we should always think of the companies in our portfolio as long-term positions. However, when short-term opportunities present themselves, it would be wise to play off these events. More experienced investors may be able to predict short-term movements as a result of past events. For instance, a very strong quarter in terms of sales should result in added buying pressure.

With that in mind, which two stocks should investors consider this month?

Ecommerce has been showing renewed strength in Q4

Over the past decade, a steady increase in the [adoption of online shopping](#) has been documented. In the United Kingdom, online sales represented 6.6% of all retail sales in May 2010. By May 2019, online sales had grown to account for 18.8% of all retail sales. During the COVID-19 pandemic, the U.K. saw an incredible acceleration in online sales adoption. In May 2020, e-commerce sales peaked, representing 32.9% of all retail sales in the region.

Investors were worried that e-commerce companies would begin to suffer once global lockdowns were lifted. Indeed, from May to September, online sales proceeded to decline in the U.K. However, consumers reverted to their online shopping habits in November in a big way. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) reported that its merchants processed \$5.1 billion in sales over the [Black Friday-Cyber Monday weekend](#) alone. The company even singled out London as one of the online hotspots.

Because of this strong support within the e-commerce industry, Shopify should be able to post very impressive numbers during its next earnings report. Backed by heavy consumer spending in November and December, the company could surprise investors. Its management has been very active on social media, interacting with merchants around the world, in an effort to continue optimizing its platform.

Digital payment stocks could also be beneficiaries of the lockdown

While e-commerce companies like Shopify and **Amazon** are often the talk of the town, when it comes to online shopping, investors should not forget digital payment companies. **Nuvei** ([TSX:NVEI](#)) is one of the companies that enables merchants to process payments on their websites. Although there are quite a few competitors in this quickly growing market, Nuvei is uniquely positioned within the payments space.

The company differentiates itself from its competitors in that it accepts mobile, online, in-store, and unattended payments. This wide reach allows Nuvei to capture a much wider consumer base than its peers. During the slower Q3 2020 period, Nuvei managed to process \$11.5 billion in payment volume. There is a very good chance that the company surprises during its next earnings report.

Foolish takeaway

The adoption of e-commerce has been greatly accelerated by the COVID-19 pandemic. Due to the length of the lockdowns, consumers have shifted toward online shopping behaviours that may be permanent. With that in mind, investors should consider e-commerce-enabling companies during January.

Companies like Shopify and Nuvei have been processing record amounts of payments during Q4 and may very well surprise during their Q1 earning reports. For that reason, both companies are at the top of my list this month.

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TICKERS GLOBAL

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2. TSX:NVEI (Nuvei Corporation)
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