



January Stock Market Crash: Stocks I'm Looking to Buy on a Pullback

Description

What a [brutal start](#) to the new year, with the broader markets tanking viciously while the **TSX Index** rallied modestly. In numerous pieces, I warned investors that the stock market was ripe for a vicious, unforgiving correction. While it's too soon to tell if the recent weakness witnessed yesterday is the start of something more ominous, now is a good time to prepare a shopping list of TSX stocks to buy on such a pullback.

The new year means another \$6,000 worth of TFSA contributions you'll be allowed to make. A [correction](#) would be nothing short of a late Christmas gift (most Christmas gifts were late this year anyway due to COVID-induced shipping delays) courtesy of Mr. Market. The **S&P 500** may be off just under 2% from its all-time high hit on Monday's intraday session. Still, since everything seems to happen faster and more viciously in this pandemic-plagued market, I wouldn't at all be surprised if stocks reached correction territory in just a handful of trading sessions.

Moreover, with a considerable amount of margin debt rising in recent months, one should actually expect the next correction to be a sharp one, perhaps a historically sharp one. In 2020, we witnessed one of the fastest +30% plunges ever and one of the best months of November in decades.

Just because the page has been turned on 2020 doesn't mean the volatility is gone. In fact, the return of volatility could hit unprepared investors on the chin, just like the 2018 post-melt-up correction that blew up the volatility index.

In the January-February run-up of 2018, it certainly seemed like stocks could only go up. But that all changed in just days when Mr. Market clawed back the gains from beginners who got in when the broader markets showed signs of melting up on the back of the Trump administration's corporate tax cuts.

Could a reopening trade reversal be in the cards in 2021?

If we are in for a January stock market crash or correction, investors should get ready to put their excess cash to work. I'd personally look to pandemic-resilient growth stocks like **Goodfood Market** ([TSX:FOOD](#))

) or **Shopify** on a dip.

Both names have been riding high on pandemic tailwinds, and they could have another year worth of such tailwinds, should unrealistic 2021 recovery expectations be shot down due to vaccine logistical challenges or mutated variants of COVID-19. Such a 180-degree reversal of sentiment could spark a reopening rotation reversal that could propel some of 2020's biggest winners to even greater heights.

Even if Shopify plunges in a broader correction, the stock will remain absurdly expensive. For more value-conscious investors, Goodfood Market may be a compelling bet. The stock market was on a tear in 2020. Despite soaring over 290% last year, shares still trade at a ridiculously low 2.5 times sales.

The fear is that a post-COVID world would cause significant sales pressures, as shut-in Canadians hit the pause button on their meal-kit subscriptions or cancel them altogether. While such a post-COVID hangover is likely to hit the stock, Goodfood remains a compelling COVID hedge at a reasonable price.

Foolish takeaway

If the reopening trade reversal ends up being the theme that defines the first half of 2021, pulled-back pandemic-resilient stocks like Goodfood and Shopify could be in a class of winners that'll keep on winning in the new year. Both companies are firing on all cylinders and are the ultimate quarantine plays for investors looking to hedge against the new slate of COVID-19 risks.

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1. TSX:FOOD (Goodfood Market)

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Author

joefrenette

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