



2 Stocks to Buy in the Third Wave of COVID-19 Pandemic

Description

Just last month, the stock market saw a correction and most analysts, including myself, talked about the stocks to buy at the dip. Those who followed the advice are now seeing a surge in their portfolio amid the third wave of COVID-19 pandemic. You still have time to jump into the rally before it is too late. But you have to choose the right stock. Last year, you saw the pandemic impacted some stocks severely but brought windfall gain to some.

How is the third wave different from the first wave?

You won't see the March and April 2020 dip and rally in the third wave as investors are better prepared than last time. Moreover, there is a vaccine in place, raising hopes that the pandemic will come to an end by 2022. But there will be a significant dip and rally. Learning from the first wave, I have identified two stocks that can balance your risk and reward and give you significant returns in the third wave.

Lightspeed stock

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) stock has already surged 22% so far in April, replicating its 2020 V-shaped [recovery](#). This omnichannel platform for the retail and hospitality sectors was the biggest beneficiary of the pandemic. It taught stores how they can continue doing business while maintaining social distancing. As the pandemic eased, the need for social distancing started fading.

But the third wave has revived the need, and therefore the demand for the Lightspeed platform. When the iron was hot, it played its bet and [introduced](#) Lightspeed Payments in Europe, where many countries have initiated a lockdown.

The stock saw a correction in February and March (28% dip) as Lightspeed reported a tepid outlook for the post-pandemic quarter. It expected the growth rate to normalize. But the stock has strong growth potential, pandemic or no pandemic. Hence, a third wave drove the stock up 22% in a matter of days.

If you are thinking the rally is over, think again. The next rally has just begun. The stock surged more

than 380% from its dip last year. While past performance does not guarantee future returns, it does show the potential of the stock. I expect the stock to double your money in two years or maybe less. If you had invested \$1,000 in Lightspeed in the March 2021 dip at \$75/share, you would have already earned \$200. Buy now rather than wait for another dip.

Enbridge stock

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a Dividend Aristocrat, which fell during the pandemic. The pipeline operator makes its living by supplying oil and natural gas through its pipelines to some of the most populous cities in North America. Its 60+ years of business operations have helped it create the largest pipeline network in North America. It is building more pipelines that will fetch it more cash. It distributes its stable cash flow in three segments; to pay debt, dividend, and save for capital expenditure.

The first of the pandemic wave reduced oil demand significantly as there was a nationwide lockdown, which impacted the oil volumes that flow through Enbridge's pipelines.

The stock dipped 34% in the last year crash and recovered 17.5% throughout the year. It fell 6.5% in the second wave, and will likely fall in the third wave too. That will be a good entry point as you can lock in a high dividend yield of over 8% for a lifetime. When the stock price falls, dividend yield (annual dividend per share/ stock price) rises if the company does not make dividend cuts.

Moreover, you will benefit from the recovery rally plus incremental dividend. Enbridge increased its 2021 dividend per share by 3%. This is lower than its average annual rate of 10% but is impressive in these trying times.

If you invested \$1,000 in Enbridge in the second wave dip in December, you would have made \$130 in capital gain, \$20 in the quarterly dividend, and locked in future incremental dividend income. In 10 years, your \$1,000 investment will give you up to \$1,120 in accumulated dividend income assuming 6% average annual growth in dividends. Keep an eye on the stock and buy when it dips to \$40-\$42.

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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:ENB (Enbridge Inc.)
4. TSX:LSPD (Lightspeed Commerce)

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Date

2025/07/06

Date Created

2021/04/12

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