



## 2 Consumer-Defensive Stocks to Own Amid Emerging COVID-19 Variants

### Description

COVID-19 cases are rising yet again, not due to the original coronavirus but a mutation known as the Delta variant. Dr. F. Perry Wilson, an epidemiologist at Yale, said that the pronounced factor of this new strain is how quickly it spreads. He warns that Delta will certainly accelerate the pandemic around the world.

A [fourth wave](#) is coming and doctors agree that the best way to avoid it is to vaccinate, test, trace, and isolate. According to Dr. Theresa Tam, Canada's Chief Public Health Officer, COVID cases are rising once more because Delta is more contagious. However, she said there's still time to flatten the curve.

Investors feel the jitters because a Delta-induced market selloff could be worse than in March 2020. Meanwhile, the **TSX** begins August 2021 in record territory after posting a 0.61% month-over-month gain. Canada's stock market remains resilient (+16.37% year-to-date) but isn't standing on solid ground.

In the past month, too, the consumer staples sector (+6.36%) advanced the most. **Alimentation Couche-Tard** (TSX:ATD.A)(TSX:ATD.B) and **Metro** ([TSX:MRU](#)) are two of the top three gainers. It's no surprise because both are [consumer-defensive stocks](#). Their businesses are relatively stable compared to others during downturns.

### Industry leader

Last year was extremely challenging for [Couch-Tard](#) due to the impact of the global pandemic supply partners, customers, and employees. Nevertheless, Alimentation President and CEO Brian Hannasch, described fiscal 2021 (year ended April 26, 2021) as remarkable, financially and operationally.

While total revenue dipped 15.5% versus fiscal 2020, net earnings rose 14.8%. Likewise, investors didn't lose in the COVID year, as Couche-Tard delivered a total return of 6.04%. The current share price is \$50.29, or a 16.41% year-to-date gain. Couche-Tard pays a modest but safe 0.70%.

The \$54.04 billion global leader in the convenience store industry operates under brand names

Couche-Tard, Circle K, and Ingo. Alimentation is present in Canada, the U.S., and 24 more countries and territories. Its total network number is 14,222, with 991 automated fuel stations.

Notwithstanding the pandemic, geographic expansion continues. On July 30, 2021, Couche-Tard announced a definitive agreement to acquire Wilsons Gas Stops and Gos!, an operator of convenience stores and fuel stations in four Atlantic Canada provinces.

## Enduring patronage

Metro Inc. is no hard sell because it's a food retailer and seller of everyday goods or necessities. The \$15.91 billion company has a network of around 950 food stores and some 650 drugstores. Canadians will keep buying the products regardless of changes in factors affecting their demand. The stock continues to display resiliency amid the pandemic.

Management will present Metro's Q3 fiscal 2021 results on August 11, 2021, which is something to look forward to. In Q2 fiscal 2021 (quarter ended March 13, 2021), sales and net earnings went up 5.1% and 6.8% versus Q2 fiscal 2020. For the first half of fiscal 2021, net earnings growth compared to the same period last year was 9.5%.

Take the cue from Metro President and CEO Eric La Flèche. He's confident sales volume will remain elevated compared to pre-pandemic levels in the succeeding quarters. On the stock market, investors enjoy a 14.93% year-to-date gain. The current share price is \$64.70, while the dividend yield is 1.55%.

## Capital protection

Couche-Tard or Metro are neither high-flyers nor high yielders. However, if you seek capital protection in times of uncertainty, both are excellent consumer-defensive stocks.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:MRU (Metro Inc.)

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