2 No-Brainer Stock Buys as the World Reopens

Description

Stock markets have been on a strange roller-coaster ride since the pandemic struck. After a sudden decline in markets during February and March 2020, the broader market recovered rapidly in the following months, barring a few sectors of the economy. While the situation has been volatile for some time, many companies recovered to pre-pandemic valuations. Some TSX stocks have even reached new all-time highs.

You might have heard that some stocks trading on the TSX have become a little expensive. Investing in growth stocks has been an effective method for investors to enjoy stellar returns.

There are increasing concerns of a pullback due to the rise of new variants of the novel coronavirus. However, booster shots for vaccines could provide some additional protection against the new variants. The hopes of the world reopening could present an opportunity for several beaten-down stocks to become ideal reopening plays for investors looking to enjoy stellar returns.

Today, I will discuss two such stocks that could be ideal additions to your portfolio for a strong reopening play.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) owns and operates three well-known restaurant businesses. Burger King, Tim Hortons, and Popeyes Louisiana Kitchen are all top-tier and household names in the fast-food industry. The onset of the pandemic forced these businesses to close their doors to customers who wanted to dine in and enjoy the food they offer.

Restaurants are traditionally defensive businesses, because they offer relatively cheap food that can cater to customers who are going through rough financial circumstances. Businesses like RBI can perform well during volatile market conditions, but the pandemic forced them to close down. Reopening international borders would paint a good picture for the restaurant industry.

Businesses that were forced to rely on takeaway and delivery sales to offset the loss of dine-in customers might finally benefit from greater foot traffic as borders reopen.

Canadian Tire

Canadian Tire (TSX:CTC.A) is a major name in the retail industry that managed to reach an all-time high valuation in May of over $212 per share. However, the stock has declined since hitting that figure. The stock is trading for $195.87 per share at writing, and it boasts a 2.40% dividend yield, making it an excellent opportunity for investors to buy shares of the company on the dip.

Since people were not traveling due to the pandemic, the demand for its products naturally declined. Unlike many other businesses that continued to suffer due to the pandemic, Canadian Tire adapted to the new normal. Its e-commerce business has been booming. It was among the first retailers to implement an integrated online ordering/in-store pickup model that has been largely successful.

As the world reopens, the retail business could see a significant boost to its revenues and provide better returns to its shareholders.

Foolish takeaway

While most sectors recovered rapidly after the onset of COVID-19, the restaurant industry and travel-related businesses suffered substantial losses due to the "new normal" created by the pandemic.

As the economy continues to recover from the fallout caused by the pandemic, the reopening of borders and global economies could trigger a substantial boost for many high-quality companies trading for a discount on the stock market.

Restaurant Brands International stock and Canadian Tire stock could be ideal assets to add to your portfolio if you are bullish on the world reopening soon.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:QSR (Restaurant Brands International Inc.)

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