4 Canadian Stocks to Beat the Delta Variant

Description

COVID-19 is rearing its ugly head once again. After a lull in cases brought on by vaccination, cases are once again starting to climb–the dreaded Delta variant being the main culprit. The Delta variant is a new COVID mutation that is more contagious than the original. While the COVID-19 vaccine provides protection against both variants, Delta is causing a spike in total cases.

This fact has clear implications for the financial markets. If Delta causes a major uptick in hospitalizations in Canada, then new lockdowns may be needed. If that's the case, then industries like airlines, banks and hotels will be hit hard. The pandemic caused serious losses to companies in those industries–not just in the stock market but in the underlying businesses as well.

Still, there were plenty of companies that survived the first waves of COVID-19 without a scratch. In fact, some actively profited from the lockdowns. In this article I'll explore four stocks that should do well even if the Delta variant leads to new lockdowns in the fall.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a utility stock that has a proven track record of getting through economic downturns without any serious damage. In the 2008/2009 recession, its earnings grew. In 2020, earnings were nearly flat and the company increased its dividend. Utilities make money even in recessions because their main service–heat and light–is indispensable. People would rather sell their cars than go cold. So this is one dividend stock that will keep paying cash income even if Delta causes lockdowns in the fall.

Cargojet

Cargojet (TSX:CJT) is another stock that fared well during the initial wave of COVID-19 in 2020. In the first post COVID quarter, its revenue increased and its stock later rallied. Most airlines got hit hard by the COVID-19 pandemic. **Air Canada,** for example lost $4.6 billion in 2020 alone. That was not the case with Cargojet.

As a cargo-only airline that ships packages for e-commerce firms like **Amazon,** it got more orders than ever due to the pandemic-caused surge in online shopping. If Delta causes problems in the fall, it may just happen again.

Dollarama

Dollarama (TSX:DOL) is one stock that fared pretty well during the first wave of COVID-19. Its stock did fall 27%, but that was much less than the 33.4% decline in the **TSX** as a whole. As a store with many grocery options, Dollarama was one of the few retailers able to stay open amid the first wave of COVID-19. Also, being a dollar store, it sells goods that become more appealing to consumers during recessions–like the one caused by COVID last year. It's definitely a Delta variant play worth considering.

Shopify

Last but not least we have **Shopify (**TSX:SHOP)(NYSE:SHOP). This is one company that actively profited from COVID lockdowns last year rather than losing profits. In 2020, it ran three quarters in a row with revenue growth above 90%. It repeated the feat in the first quarter of 2021. The COVID-19 lockdowns led to a surge in online shopping, which in turn led to a massive increase in fees for SHOP.

If the Delta variant leads to more disruptions for retailers in the fall, then it could happen again. So, SHOP is one stock that could thrive even with a Delta variant surge.

CATEGORY

1. Dividend Stocks

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:CJT (Cargojet Inc.)
4. TSX:DOL (Dollarama Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:SHOP (Shopify Inc.)

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Date
2025/08/26
Date Created
2021/08/10
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