Black Friday Stocks: 2 Retail Stocks to Put on Your Shopping List

Description

Black Friday is almost here — a time when computers crash from customers looking to buy in store and online. This year, there could be a rebound of *epic* proportions. It will be incredibly interesting to see how companies manage to find a balance between pandemic restrictions and retail browsing this year. But no matter what, retail stocks should definitely be on your shopping list.

While Black Friday won't be the catalyst for price movement likely, shares in retail stocks will certainly climb after the holiday rush. Once earnings are in, these are the two retail stocks I predict will do incredibly well during the holiday season.

Aritzia

Aritzia (TSX:ATZ) had an incredible last earnings quarter, seeing revenue explode thanks to the reopening of stores in the United States. However, this didn't account for all the gains. Even management was confused, with stores in the United States seeing record earnings among retail stocks, despite being in the country since 2007.

The fashion mogul with a market cap of $5.63 billion as of writing has done well, even during the pandemic. Aritzia stock's e-commerce segment surged, supported by the 243% growth in U.S. store sales, and total revenue is up 120% year over year.

Furthermore, management increased its annual guidance for the company during the latest report. Now, they expect Aritzia stock to reach between $350 and $375 million in net revenue. Shares are up 104% year to date as of writing compared to retail stocks far lower, but I suspect after some more growth both in store and online, Aritzia stock could surge yet again.

Dollarama

Don't be fooled. **Dollarama** (TSX:DOL) is a powerhouse among retail stocks. It has remained strong during the pandemic. And that's even *without* online sales. Dollarama stock managed to continue as an essential service, seeing sales drop only when Ontario when into lockdown this summer. But the company is back, and Motley Fool investors should consider this stock when watching the holiday rush.

During the latest quarter, Dollarama stock announced sales increased by 1.6% year over year, even amid lockdowns. Furthermore, its EBITDA increased by 5.7%, with COVID-19 costs falling by two-thirds. Dollarama stock management bought back almost three million shares, falling just shy of EPS estimates.

Given that, Dollarama stock actually looks like a deal among retail stocks at this point. With the holidays coming and restrictions eased, Dollarama stock is likely to have an incredible next quarter. It remains fairly valued with a P/E ratio of 30.79, and analysts believe it could even reach $70 per share by the end of the year! That would be a potential upside of 20% as of writing! The stock is up 9% year to date.

Foolish takeaway

These two stocks look like a steal for Motley Fool investors. Retail stocks will do incredibly well compared to last year. The new mixture of e-commerce sales and in-store sales put both of these retail stocks in a prime position for growth. So, if you're an investor looking to take advantage of the holiday season, I would seriously recommend these two companies be added to your watchlist.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:DOL (Dollarama Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Investing

Date
2025/07/03
Date Created
2021/11/14
Author
alegatewolfe