



## COVID-19 Rages On: Here's Where Your Money is Safe

### Description

We're kicking off 2022 in the midst of one of the biggest waves of COVID-19 yet. Thanks to the Omicron variant, the virus is spreading faster than ever, and March 2020-style policies are becoming more and more common. Just recently, Quebec re-imposed its curfew and recorded 15,000 cases in a single day. Many parts of the country are under lockdown to some degree or another, and the new outbreak is just ramping up.

By now, you probably know what kinds of stocks get hit the hardest in this type of environment: airlines, hotels, REITs, and brick and mortar retailers tend to get hammered hard by COVID-19 restrictions. At the same time, there are other kinds of stocks that have proven remarkably resilient amid even the toughest COVID-19 measures. In this article I will explore two types of stocks that are generally pretty safe during COVID-19 outbreaks.

### Tech

Certain types of tech stocks are very capable of withstanding the economic effects of COVID-19. Tech in general got hit much less severely than other sectors in 2020, and some companies even profited off the lockdowns.

Take **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), for example. It's an eCommerce giant that's involved in selling goods and services online. Basically, it's an online shopping cart that lets people run their own online stores. That's simplifying things a little — the company does more than that — but this description gets at the core of what Shopify does.

Usually, when COVID-19 restrictions are put in place, people [shift from shopping in stores to shopping online](#). This results in higher sales for online shops like those that run on Shopify. Since Shopify vendors see more sales, SHOP itself gets more revenue. That phenomenon helped propel Shopify's stock higher in 2020. For the full year, SHOP's revenue growth rate was 86%, the highest since it went public in 2015. In the event of another COVID surge, we could see some more revenue acceleration that may ultimately send the stock higher.

In keeping with the tech theme, there is one category of stock I'd issue a word of caution about:

Work from home stocks like **Zoom Communications**. These stocks also profit from workplace closures like Shopify, but their ability to keep thriving without COVID-19 measures is less clear. If the work from home trend dies, then Zoom will likely lose users. So, I'd keep any "COVID plays" to stocks that can thrive with or without the pandemic. I would not recommend deliberately betting on COVID via long-shot fad stocks.

## Utilities

Another category of stock that can do pretty well amid COVID-19 waves is utilities. Companies like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) supply heat and light — bare essentials that must go on no matter what. For that reason, operations are not too seriously impacted by lockdowns. When COVID-19 lockdowns hit in March 2020, FTS stock fell less than most. There was a reason for that. People would sooner cut out discretionary spending than cut out heating and lighting their homes. So, even amid [recessions](#), utilities tend to do okay. Fortis is definitely not a raging bull play that will skyrocket to unprecedented highs. It's a relatively safe place to park your money during the Omicron wave.

### CATEGORY

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2. Stocks for Beginners

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3. TSX:FTS (Fortis Inc.)
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