



3 Top Tech Stocks to Buy Right Now

Description

Investors are no doubt looking for the best places to put their money right now, as the coronavirus crisis wreaks havoc on the health of people across the world and its economic impact becomes more apparent.

If you've already built up a healthy emergency fund and are now looking to place additional funds in the market, there are a few good reasons to consider **Apple** ([NASDAQ:AAPL](#)), **Shopify** ([TSX:SHOP](#)) ([NYSE:SHOP](#)), and **Microsoft** ([NASDAQ:MSFT](#)). These [tech stocks](#) aren't immune to the effects of the current crisis, of course, but each of these companies has a unique position to weather this storm and come out standing on the other side. Here's why.

Apple

First off, Apple is a behemoth of a tech company, with about \$207 billion in cash at the end of 2019. This means that investors can be confident Apple will be able to weather the coming economic storm that the coronavirus is creating. The tech giant won't have any problems meeting its debt obligations and is, in fact, already using some of its cash to expand its business as it did with its purchase last month of the [Dark Sky weather app](#).

Aside from Apple's financial stability, the company still has plenty of opportunities to continue growing its business. One of the most notable is the company's wearable tech segment. Apple is a leader in both ear-worn devices (AirPods, AirPods Pro, and its Beats products) and smartwatch shipments through its Apple Watch. The company's wearable business accounted for 8% of Apple's total sales in fiscal 2019, up from 5% in the previous year, and the business is estimated to have yearly sales of [about \\$20.8 billion](#).

With wearables continuing to become more of a must-have product for many consumers, Apple's long-term potential here is huge. IDC estimates that worldwide wearable shipments will jump from 368 million this year to 526 million by 2024.

Additionally, though Apple is increasingly less reliant on its iPhone, the company will likely get a boost in phone sales due to demand for 5G iPhones. Apple is expected to release several [new 5G-capable phones](#) this year, in addition to the non-5G [iPhone SE](#) that debuted earlier this week. The new 5G wireless standard will allow for faster internet speeds, and many wireless carriers are already [touting their 5G networks](#). While some consumers will be less inclined to buy a new phone during the coronavirus crisis, pent-up demand for 5G devices could still be a catalyst for Apple's phones, even if sales take longer than usual to ramp up.

Shopify

Let's start with one of Shopify's weaknesses: The company's success is directly tied to the health of business around the world. This means that as many small and large companies take a financial hit over the coming months, Shopify won't escape the impact on its own business.

While Shopify's management said recently that the company would meet or exceed its first-quarter revenue and adjusted operating income guidance, the company has [suspended full-year guidance](#) because of COVID-19.

But there's still a lot of potential for this e-commerce platform company to come out of this crisis stronger than it was before. That's because Shopify already has a strong customer base of more than 1 million merchants that use the company's platform and, once the worst is over for the economy, Shopify will be there to offer its online tools to help new businesses get up and running quickly.

Shopify currently has a very high customer retention rate, which indicates that its customers are happy with the products and service they're receiving. Further, the company's ability to add new customers quickly fueled revenue growth of 47% year over year in 2019.

E-commerce accounted for about 11% of all retail sales in the U.S. last year and will jump to 16% by 2023. Before the current pandemic, Shopify was already tapping into this fast-growing e-commerce market. Post-crisis, Shopify will continue to be one of the leading e-commerce platforms for businesses of all sizes.

Microsoft

Like Apple, Microsoft is in a solid financial position to ride out this pandemic. At the end of 2019, the company had \$134 billion in cash, equivalents, and short-term investments. This will allow Microsoft to not just meet its financial obligations, but potentially even shop for smaller companies that could add to its tech dominance.

Financial position aside, investors should focus their attention on Microsoft's growing cloud computing business. Microsoft still plays second fiddle to **Amazon** Web Services (AWS), but Microsoft's Azure cloud service shouldn't be underestimated. In the fiscal second quarter, Azure's sales grew 62%, and

the company now holds 18% of the cloud computing infrastructure market, up from about 13% in 2017.

Microsoft's pivot to the cloud goes far beyond its Azure service and includes the popular Microsoft 365 services, which include Microsoft's popular Office programs that have been reworked as [software-as-a-service](#) offerings. In the most recent quarter, the company's cloud services helped boost its sales by nearly 14%.

Additionally, Microsoft is benefiting from its cloud-based collaboration software, Teams, which is a direct competitor to **Slack**. Teams had 20 million users toward the end of last year, but the pandemic has caused that figure to surge to 44 million daily active users. That figure could taper off post-pandemic, but it's likely that some companies that have gotten Teams up and running out of necessity right now will see its value and continue using it months and even years from now.

With Microsoft already in a strong financial position and the company benefiting from the growing cloud computing market, investors would be smart to give this old tech stalwart a fresh look.

These companies won't escape near-term volatility

It's worth mentioning that shares of all of these companies will likely continue to experience wild swings along with the rest of the market as investors process a nearly daily stream of new economic and virus-related news. But over the long haul, these companies are poised to benefit from an eventual economic rebound and outpace the gains of the broader market as they grow.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Syndicated

TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NASDAQ:MSFT (Microsoft Corporation)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:SHOP (Shopify Inc.)

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