



Santa Clause Rally: 2 Top TSX Stocks That Are Ready to Explode

Description

It's been a volatile year for investors, to say the least. Most Canadians are ready to turn the page on 2020 and get a fresh start for 2021.

Investors experienced a [gut-wrenching drop](#) of close to 40% earlier this year, which was caused primarily by the pandemic. It was not an easy time for investors, needing to worry about not only their investments but their safety and well being, too. But after the month-long crash came to an end, bulls have not had much to complain about.

The **S&P/TSX Composite Index** is now up more than 50% since the end of March. Even with a 55% gain, though, the market up just shy of 5% year to date.

Expectations for 2021

With vaccines now beginning to be distributed, there's plenty of optimism in the stock market. The positive news surrounding the approved vaccines lead the Canadian market to surge more than 10% in November alone.

The vaccines will likely lead to a rebound in the Canadian economy and unemployment levels in 2021. How it's going to affect the stock market's performance is anybody's guess, though.

Prior to the beginning of 2020, the S&P/TSX Composite Index had grown not even 20%. At that growth rate, you'd imagine a global pandemic would cause a disastrous year, but the market is actually up year to date.

My point is that the stock market does not always follow the direction that the economy is heading in. It's more often than not forward-looking, which is why there is a lot of optimism priced into the market's valuation today.

No one knows what will happen in 2021, but there are certain companies that can expect to see a boom in business during the holiday period. With Christmas less than a week away, I've covered [two top stocks](#) that will likely see huge spikes in demand throughout the holidays.

Shopify

Most Canadian investors are familiar with **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The tech giant is now valued at a market cap of more than \$175 billion, easily making it the largest company in Canada.

The success of Shopify since becoming a public company roughly five years ago is no secret. Its share price is up more than 4,000% since the beginning of 2016. Year to date, the e-commerce giant is up close to 200%.

Considering the market cap size that Shopify is valued at today, growth like that is incredible.

With the holiday period well underway, Shopify investors have a lot of reasons to be excited. The company released a statement following the Black Friday/Cyber Monday period highlighting the significant year-over-year growth. Investors can expect to see a similar type of lift for this current holiday period.

In 2019, Shopify's platforms drove \$2.9 billion in sales during the Black Friday-Cyber Monday weekend. In 2020, that grew 75% to just over \$5 billion.

I'll be anxiously waiting to see what type of year-over-year growth Shopify puts up by the end of the month.

Cargojet

Cargojet ([TSX:CJT](#)) is definitely not a tech stock, and it's a much smaller company than Shopify.

The \$3 billion company is in the business of air cargo shipping. Cargojet specializes in time-sensitive and overnight shipments, which are sent to cities across North America.

The pandemic has forced most Canadians to remain at home this holiday. Unfortunately, many of us won't be able to celebrate with friends and family, as we traditionally do during this time of year. As a result, all those gifts that are typically exchanged in person will now need to be delivered by mail this year.

If you've tried to mail a package over the past week, you would probably understand why Cargojet can expect to see a boom in business this year. The lines at post offices across the country have been unbearably long as we're all rushing to send out our packages.

Foolish bottom line

Shopify and Cargojet are two extremely different companies. If you're looking for growth and can stomach the volatility, Shopify is the stock for you. If you're instead in search of a lower-risk company, add Cargojet to your portfolio.

They may be very different businesses, but they can both expect to see a significant rise in revenue this month.

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2. TSX:CJT (Cargojet Inc.)
3. TSX:SHOP (Shopify Inc.)

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Author

ndobroruka

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