This TFSA-Worthy Buy Idea Could Make You Filthy Rich

Description

In the stock market, if you want long-term gain, you need to endure short-term pain. There's no way around that! Everybody on the Street has been as fearful as they've ever been, and as a contrarian, that means it's time to become greedy.

What has been the significant thorn(s) in the minds of investors over the past year?

Trump's trade war with China and the Fed's hawkishness are the big two.

More recently, Fed chair Jerome Powell backed off from his overly hawkish stance with comments that can only be described as dovish. That's one big fear off the table, and should the trade war come to an end in 2019, we could see some higher-growth TSX names skyrocket like a bat out of heck.

You see, fast-and-furious interest rate hikes are "bad news bears" for growthier stocks that possessed rich multiples. Undoubtedly, having a hawk sitting in the Fed chair was a major reason why high-multiple names have been under the most pressure of late, as investors rotated from growth to value (and cash). Higher rates are bad for most businesses, but they're kryptonite for growthier firms.

Add Trump's trade war with China into the equation, and the growth stocks with leads in China have been demolished, regardless of how well things have been going on for individual businesses themselves.

Simply put, "Chinese exposure + growth = violent sell-off," even if the company under question has been firing on all cylinders.

Canada Goose Holdings (TSX:GOOS)(NYSE:GOOS) is easily one of the most battered of stocks over the past few months due to a combination of geopolitical tensions and fears over the implications from an overly hawkish monetary policy.

Although Canada Goose's recent 40% peak-to-trough decline is indicative of something fundamentally wrong with the company's growth story, the fact remains that the company is still firing on all cylinders in almost every department.

The Canadian growth sensation led by mastermind CEO Dani Reiss has been pulling out all the stops of late with two recent blowout quarters that would have sparked a sustained rally to astronomical heights if it hadn't been for the recent market sell-off driven by higher rates and U.S.-China tensions. To put it simply, the Goose has been one of the biggest victims to the recent barrage of macro fears.

Now that the Fed is exhibiting some dovishness, growth stocks could catch a break in 2019, and that's good news for Canada Goose, but there are still the China woes.

Canada's recent arrest of Huawei CFO Meng Wanzhou in Vancouver has sparked a chain reaction of negative headlines on the relationship between China and Canada. The biggest casualty of this global headline has undoubtedly been Canada Goose, which is on the cusp of a very ambitious growth expedition into China.

In response to the arrest of Wanzhou, the odds of a Canada Goose boycott in China have been raised considerably, so it's quite possible that the goose's Chinese growth story could go flying out the window on a whim. Should Trump's trade war come to a peaceful close, however, we could see tensions between Canada and China ease suddenly, causing China to welcome Canada Goose into its untapped market with open arms.

Foolish takeaway on Canada Goose and the macro turmoil

I think the damage done to Canada Goose stock is overblown at this point. We're right back at the levels prior to the release of the company's last two blowout quarters. The Fed is backing off, and if China-U.S.-Canada tensions ease, Canada Goose stock could easily bounce like a coiled spring, as management makes its move into the red-hot Chinese market.

The recent opening of Canada Goose's flagship Chinese store is a step in the right direction and a sign that management doesn't believe that geopolitical tensions will compromise what could be a growth expansion for the ages.

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