2 Discounted Growth Stock to Grab Today

Description

Bargains are few and far between on the TSX index in early February. The index put together one of the best opening months to a year in decades and has now climbed 5% year over year. Broadly, the TSX looks overbought in early February, which may inspire investors to take profits in the shortest month of the year.

Today, we are going to look at two growth stocks that are worth considering for investors on the hunt for discounts in early February. These stocks have somewhat recovered from turbulence in recent weeks but still offer a decent price relative to other top equities on the TSX index.

Richelieu Hardware (TSX:RCH)

Richelieu Hardware is a Montreal-based company that imports, manufactures, and distributes specialty hardware and complementary products. Shares have climbed 6.4% in 2019 as of close on February 5, but the stock is still down 20% year over year.

The company released its fourth-quarter and full-year results for 2018 on January 24. Richelieu reported record sales of over $1 billion for the year, which was up 6.6% from 2017. The company managed to strengthen its U.S. presence with two key acquisitions in the year, including Chair City Supply, which improves its footprint in the furniture manufacturing market.

Richelieu has powered forward with a very strong balance sheet. The company has almost no debt and boasts working capital of $329.3 million as of November 30, 2018. Richelieu increased its dividend by 5.4% to $0.0633 per share. This represents a modest 1% yield.

Richelieu stock boasted an RSI of 52 as of close on February 5, which puts it firmly in neutral territory early this month. The stock is a solid option after a strong 2018 and offers top-shelf growth with a little bit of income.

Canada Goose (TSX:GOOS)(NYSE:GOOS)

Canada Goose stock has climbed 19.6% in 2019 so far. Shares are up 59% year over year. Back in December, I'd discussed the spat between China and Canada. Canada Goose moved forward with the opening of its store in Beijing to long lines in late December. There were some calls for boycotts on Canadian goods after the arrest of Meng Wanzhou in Vancouver, but a broad effort has not yet materialized.

Canada Goose is set to release its fiscal 2019 third-quarter results on February 14. The holiday shopping season is predictably the strongest period for Canada Goose. Retail sales came in a little weaker than expected in November 2018, but sales at clothing stores still enjoyed a 2.6% year-over-year increase. E-commerce retail sales also grew 20% year over year. Canada Goose has achieved impressive growth through its e-commerce channels and enjoys a significant increase in profitability with jackets sold through the online store.

The Canada-China relationship still hangs in the balance, as the government weighs its options when it comes to Huawei's role in Canada's 5G network. Still, there is little indication that calls for boycotts on Canada Goose have had a broad impact. This is great news as Canada Goose will be reliant on its Asia growth strategy going forward.

Canada Goose stock last boasted an RSI of 61, which is just outside overbought territory. The stock is not cheap but could be a sneaky pick ahead of its Q3 earnings release.

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