1 Hot Growth Stock That Could Double This Year

Description

Back in June 2018, **Spin Master Corp.** (TSX:TOY) saw a sell-off that seems to have pretty much continued up until the present. Hitting a high of almost $60 per share, the stock is now down to about $42 per share, after dropping as low as $35 in recent months.

What likely happened is that Spin Master investors got the jitters just as the company was going up and up and investors decided it was time to sell off their stake.

Even with a strong second quarter for the year, however, investors didn't think the company could pull off even higher share prices. It seems they were right, at least for now.

The company has been doing nothing wrong, however. In fact, the mid-cap toy company could be witnessing some good news soon, as United States President Donald Trump recently announced that he would delay tariffs on a number of Chinese goods, many of which included toys.

Before get ahead of myself, however, I would use one word of warning, and that's to wait a bit before buying a huge stake in this company. While analysts are quite bullish over the future of Spin Master, many believe the stock will continue to drop, which is why it's likely best to buy here and there rather than make one large purchase.

If prices do drop back down to the mid-$30 range, this stock could absolutely double in the next year after a recession passes. That's because as the recession comes and goes, Spin Master will likely continue to produce strong results.

Even during a bear market, the toy industry still manages to remain relatively strong. While the company will likely see a decrease, it probably won't be as large as many other companies that would be hit hard by a recession.

So when a recession is out of the way and a new U.S. election is well underway, Spin Master could benefit from two pieces of good news: a better economy, and no Chinese tariffs. The company has no debt, so should bounce right back and then some as investors start looking at cheap options to buy once more.

After all, as I've mentioned, the company is strong. Its most recent quarterly report saw a year-over-year increase in revenue of 3% and gross profit increase of 7.2%.

The stock even has enough money to take on some reinvestment projects, and to start acquiring the intellectual property of other businesses.

Spin Master even has a new toy line coming soon, partnering with DreamWorks Animation to create toys for its new *Gabby's Dollhouse* show in 2020.

Bottom line

Spin Master is a growth stock, so investors should expect some ups and downs from this company, especially if they're buying right now. As I mentioned, the stock is likely to drop further down before it comes back up, but after a recession it will likely pop up and then some.

The poor economic climate has been unreasonably hard on Spin Master. The company's innovative products, strong financial results, and future growth all point to a solid investment for investors looking for a reasonably quick growth in returns.

By the end of 2020, I wouldn't be surprised at all if shares have doubled to about $70 per share from the stock's lowest point back in March.

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