

2 Terrific Tech Stocks to Buy on the TSX

## **Description**

The Canadian stock market saw tech stocks as some of the best performers in the industry. The stock market supported the tech industry for what seems like longer period than it should have. The current situation of the tech industry shows that investors are starting to grow tired of the best tech stocks.

Plenty of popular stocks from the tech industry climbed to record highs regardless of the threat of recession. The share prices, however, have slumped drastically to surprising lows.

While it might make you reconsider your position about tech stocks, I think investors should view it as an excellent opportunity.

The market downturn will correct itself eventually. On the other side of the recession in share prices, I have a strong feeling that some of the popular tech stocks will see a substantial boost in their share prices.

Where some might consider steering clear of tech stocks, there are two stocks that present an ideal buying opportunity for you. Let's take a look at **Shopify Inc** (<u>TSX:SHOP</u>)(<u>NYSE:SHOP</u>), and **Lightspeed POS** (<u>TSX:LSPD</u>) so we can determine whether or not they are good buys right now.

## Shopify back in business

The year 2019 was a fantastic year for Shopify until this month. The company's stocks witnessed excellent growth. The stock's momentum was so great that it rose more than 190% from January to the end of August.

Investors began to worry that Shopify was going to fall when the stock climbed up to \$541.49 by August 27, 2019. They weren't wrong.

The past Tuesday, Shopify share prices fell to \$390 per unit, only to see the price climb back up to \$415.72 at the time of writing. All of this might make you wonder what Shopify is doing wrong.

The issue is with the industry, not Shopify itself. Shopify has managed to beat market <u>analyst</u> <u>expectations</u> again. The tech giant raised its guidance for the year despite a downturn in the market. Currently, investors can expect the decline to hold for a little while, but I don't think investors should worry.

The fact is that Shopify's recurring revenue is rising and the fulfillment centers can increase revenue even further. An increase in the number of Shopify Plus clients means that the company could be potentially poised for additional revenue increases rather than slumps in the future.

# At the speed of light

Lightspeed POS made a robust entry into the stock markets with an impressive initial public offering in March 2019. Seemingly well positioned to overtake Shopify as Canada's blue-eyed tech baby, the company took a turn for the worse from mid-August.

Lightspeed climbed up by almost 160% until mid-August, only to drop down to \$33.06 at the time of writing.

Similar to Shopify's current situation, the drop in Lightspeed's share prices potentially offers an excellent buying opportunity. Lightspeed is part of the point-of-sale industry.

The company already has a majority of the market share, and this industry is expected to become huge in the coming years.

Lightspeed operates in over 100 countries, serving small- and medium-sized business. The company is essentially mimicking the early stages of Shopify that has recently moved into the enterprise-level clientele. We have already seen how Shopify grew, and Lightspeed is expected to do even better.

Lightspeed provides analysts and recommendations to clients using the POS software. Imagine enterprise-level companies coming onboard Lightspeed. The type of growth Lightspeed can see as the POS industry expands is unimaginable.

# Foolish takeaway

Both Shopify and Lightspeed share prices have seen a decline this month, but they can potentially become even more significant in the next few months. The share prices for both stocks are at a discount, which could prove to play out very well for investors as the tech industry recovers from the recent slump.

#### **CATEGORY**

- 1. Investing
- 2. Tech Stocks

### **TICKERS GLOBAL**

1. NYSE:SHOP (Shopify Inc.)

- 2. TSX:LSPD (Lightspeed Commerce)
- 3. TSX:SHOP (Shopify Inc.)

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