This 1 Hot Growth Stock Is About to Flash a Buy Signal

Description

Consumer discretionary stocks may not be the safest asset to pack in a **TSX** stock portfolio amid concerns of a potential downturn. However, there may still be time to cream some upside from one of the country's best luxury retailers should a relief rally buy markets this summer.

Today we'll take a look at a growth stock that has seen more than its fair share of volatility on the TSX, but that could still reward with significant upside.

A strong value opportunity

It's still flirting dangerously with its 52-week low point, but that's exactly why home-grown growth stock **Canada Goose** (TSX:GOOS)(NYSE:GOOS) is a contrarian's dream pick right now. The trade war wasn't kind to the luxury apparel maker, and the stock is down 41% over the past year.

The luxury apparel company had been barrelling along thanks to an expansion in China that came at the wrong time. Canada Goose is now undeniably good value for money, trading at 20% under its fair value and far below its yearlong high. This is good news for any growth stock given that the usual characteristic in this area is steep overvaluation.

Analyst ratings have also been inching slowly downward of late, with a "moderate buy" signal of three months ago gradually giving way to the current status just shy of a "hold." In short, Canada Goose is an unloved stock right now, but it could be about to vastly improve.

At its peak, Canada Goose once sold at almost 60% higher than it does today, which is partly a reflection of the global economy, however. Given the growth of Canada Goose in Asia, the U.S.-China trade war and geopolitical unrest also haven't helped the situation. The parka maker's expansion into China has now also been impacted by the coronavirus, which could eat into its revenues.

Not all momentum has to be positive to attract investors, however: Having shed 41% of its share price in the last year, Canada Goose is practically in cannabis stock territory right now.

It’s a value opportunity if ever there was one, and with volatility in the Chinese market, the contrarian thesis is strong for the iconic parka producer to break out if the situation improves.

The strict value opportunist and market contrarian alike could make some serious cash this summer if Canada Goose takes flight once more across China.

With predicted earnings growth of more than a third per year and revenue set to rise at an even steeper rate, it’s also a strong choice for the longer-term investor looking for growth stocks to hold through the 20s.

The bottom line

Given the volatility in the markets and the downward momentum of Canada Goose, investors of a contrarian bent may want to stack shares incrementally and double down on weakness rather than go all-out.

And don’t rule out the growth potential of that China expansion just yet: With the strength of its iconic brand behind it, Canada Goose is all set to take off again once the current economic climate improves.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. TSX:GOOS (Canada Goose)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing
2. Stocks for Beginners

Date
2025/08/24
Date Created
2020/02/22
Author
vhetherington