



Market Rally: 2 Red-Hot Growth Stocks to Buy Today

Description

The market rally on the S&P/TSX Composite Index pressed forward on Monday, April 20. This was an impressive feat considering the dramatic rout in oil prices on the same day. Western Canadian Select (WCS) fell into negative price territory to start this week. A global supply glut combined with cratering demand has spelt catastrophe in the near term for the sector.

Meanwhile, the energy heavy TSX is still flashing green. Today, I want to look at two Canadian growth stocks that have thrived in April after passing through a rocky March. These stocks still have room to run. TSX investors should consider equities like these as this market rally continues.

Market rally: One cannabis stock defying expectations

Back in early March, I'd discussed why investors [needed to be cautious](#) in the cannabis sector. Many top producers have been forced to draw back on operations to save cash. Canada's domestic rollout has also received criticism from industry leaders. The market rally on the TSX has touched many sectors, but cannabis has remained unimpressive overall.

Aphria (TSX:APHA)(NYSE:APHA) managed to defy this negative atmosphere with its third-quarter fiscal 2020 earnings release this month. Shares of Aphria have climbed 34% month over month as of close on April 20. However, the stock is still down 52% year over year.

The company reported gross revenue for adult-use cannabis of \$44.7 million in the third quarter — up 54% from the prior year. This represented its fifth consecutive quarter of growth. Net cannabis revenue rose 65% year over year to \$55.6 million and net revenue hit \$144.4 million — up 96% from Q3 FY 2019. However, Aphria did withdraw its full-year guidance due to the COVID-19 pandemic. Global disruptions could have a negative impact on its operations in the near term.

Shares of Aphria last possessed a favourable price-to-book (P/B) value of 0.7. It has achieved profitability and looks like one of the strongest large producers in the country. Moreover, cannabis sales have spiked in this tough economic environment. Aphria stock has a chance to extend its gains in this broad market rally.

Market rally: One thriving online gaming stock

Earlier this month, I'd discussed why sin stocks could be a [good pick in this environment](#). **Stars Group** (TSX:TSGI)(NASDAQ:TSG) engages in online gaming and betting businesses around the world. Many casinos across Canada have been shut down or severely limited in their operations due to the COVID-19 outbreak. This has opened more opportunities for online betting companies like Stars Group.

Shares of Stars Group have surged 54% over the past month. The stock is up 35% year over year. In mid-March Stars Group reiterated that it expects to see strong growth in the first quarter in the face of the COVID-19 global outbreak. Revenues in its international segment were slightly ahead of its prior period performance.

Stars Group stock is poised to continue its run during this market rally. Online gaming is well equipped to flourish in this environment. Meanwhile, the only setback for Stars Group is the pause on sports betting as leagues around the world have paused their events. Nevertheless, Stars Group boasts a favourable P/B value of 1.6 and is a great growth bet in early 2020.

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