1 Cheap TSX Growth Stock to Buy in May

Description

The stock market just posted the best month in 33 years, and it seems as though the darkest days of the coronavirus pandemic have come and gone. While it seems as though the opportunity to buy stocks on the cheap has also come and gone, there still exist ample bargains for those willing to go against the grain.

Look no further than Canada's retail industry, which has been battered and bruised amid the coronavirus-induced lockdown. Abysmal quarterly results are coming up, and while they may face further downside over the weeks and months ahead, long-term value investors should strongly consider taking advantage of the bargains while they still exist, because there's no guarantee that they'll be here in the summer.

To play the re-opening of the Canadian economy, I like to look to businesses that were wonderful before the coronavirus gripped this market, because they'll likely be wonderful once the economy moves on from one of the worst black swan events in recent memory.

A white-hot retailer that's been hit way too hard on the coronavirus crash

Consider shares of women's fashion retailer **Aritzia** (TSX:ATZ), which was firing on all cylinders before the coronavirus sent the stock crashing 58% from peak to trough. The stock has since re-gained around a third of the ground lost from the vicious crash. Still, it looks ridiculously cheap given the longer-term fundamentals are still intact and the likelihood that the fast-growing retailer will pick up where it left off once we rise out of this recession.

With the unprecedented magnitude of job losses, consumer spending is going to nosedive, and discretionary retailers like Aritzia are going to take a massive hit to their sales numbers, even after stores are re-opened, and the malls are safe to return to. Regardless, Aritzia has a solid balance sheet to weather these dark times and the ensuing recession.

Aritzia was an unstoppable freight train last year, with the tremendous success it had in the U.S. market and its robust omnichannel sales presence. The coronavirus sent the train off the tracks. While the derailment of the retailer's momentum is disheartening, longer-term thinkers should be licking their chops at the chance to get a favourable entry point in a name that's still in the early chapters of its growth story.

Foolish takeaway

Like most other firms, there's tremendous uncertainty clouding the company's outlook. While the strong e-commerce platform is poised to do well in the broader shift towards online shopping, value investors should still expect soft numbers until the next phase of the economic cycle, which may be well over a year away.

In any case, Aritzia is a buy now, while the price of admission is low (shares currently trade at a modest 5.9 times book), as it's one of the best-positioned discretionary stocks to surge on the back of a new bull market.

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Date
2025/07/06
Date Created
2020/05/03
Author
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