2 Explosive Growth Stocks I'm Itching to Buy on the Dip!

## Description

Chasing momentum in explosive growth stocks can be a dangerous game. But if you're a young investor who's willing to play the game of greater fools (the Greater Fool Theory is real, and it has nothing to do with us here at The Motley Fool!), momentum stocks may be worth speculating on if you've got the disposable income and the discipline to take profits. But be warned: momentum can reverse on a dime and without a moment's notice. And if you're anything less than an experienced trader, you could find yourself holding the bag on the wrong side of a trade in what will seem like an instant.

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The faster and higher they climb, the sharper and harder they could fall once momentum has a chance to reverse. That's why I prefer to wait for white-hot growth stocks to come back down to Earth before I look to initiate a position or get skin in the game. Valuation always matters, even for the growthiest growth stocks out there.

The following explosive growth stocks have been white hot over the past few months, surging by triple-digit percentage points out of their March lows. More recently, their shares have started to cool off alongside the broader basket of high-tech stocks. While there's no telling how long the weakness in growth stocks will last, I think it's a wise idea to keep the following two plays on your radar should the profit-taking in growth stocks become more exaggerated over the coming weeks and months.

Without further ado, consider shares of **Kinaxis** (TSX:KXS) and **Lightspeed POS** (TSX:LSPD), two Canadian software stocks that I'd be willing to buy if we witness a more pronounced growth-to-value rotation going into year-end.

## Kinaxis

The COVID-19 pandemic has wreaked havoc on the supply chains of firms around the world. With supply/demand imbalances and operational disruptions likely to occur for the duration of this pandemic, firms are going to need time- and money-saving platforms like Kinaxis's RapidResponse offering not only to untangle messes in a supply chain but also to prepare for further interruptions to minimize the financial toll brought forth by the insidious coronavirus.

Kinaxis's supply chain planning software is a value-adding service that can really pay dividends for firms that have seen their supply chains fall into shambles. Managing the new slate of supply chain risks is critical amid these unprecedented times. The longer this pandemic drags on, the more Kinaxis's client growth will stand to accelerate.

Today, Kinaxis stock is quite pricey after exploding higher following a multi-year period of stock price consolidation. Although I'm a raging bull on Kinaxis's business and its newfound pandemic tailwinds, I'm willing to wait for the name to pullback to the next level of support at $160. If you're keen on the name, I'm not against buying here, but just be ready to double down if the broader tech scene sells off further.

## Lightspeed POS

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**Lightspeed POS** (TSX:LSPD) is a commerce-enabling tech firm that was ridiculously misunderstood amid the worst of the coronavirus crash back in February and March. Lightspeed stock crumbled like a paper bag, as many of its clients were comprised of restaurants and brick-and-mortar retailers, both of which were at "ground zero" of the crisis. Shares lost over 70% of their value in a matter of weeks, and I urged investors to back up the truck before on the name before it had a chance to correct to the upside.

I highlighted Lightspeed's resemblance to Shopify and noted the firm provided an "on-ramp to the digital realm" with its e-commerce offering. Since the March lows, the stock more than tripled before pulling back slightly.

While I think Lightspeed POS could grow out of this pandemic, I think the stock could be at risk of falling back to the mid-$20 levels — a level that I'll be looking to buy.

**CATEGORY**

1. Coronavirus
2. Investing
3. Stocks for Beginners
4. Tech Stocks

**TICKERS GLOBAL**

1. TSX:KXS (Kinaxis Inc.)
2. TSX:LSPD (Lightspeed Commerce)

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