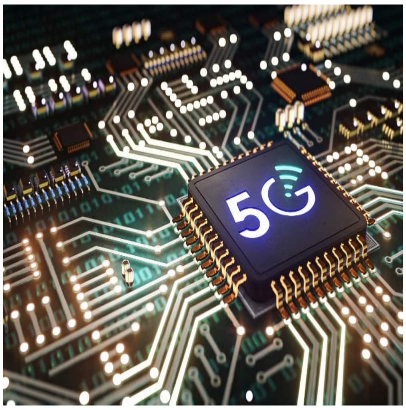

2 Tech Stocks to Buy on a Late October Dip

Description

We're just a week away from the U.S. presidential election, and coronavirus cases are skyrocketing across the globe. COVID fears sent the markets into a tailspin on Monday. If I had to bet, I'd say more of the same could be in the cards over the coming weeks. But that doesn't mean you should start selling furiously. If anything, now is a great time to start a shopping list of names that you'd be willing to buy on the late-October, early-November dip.

Another "everything sell-off" could give you a chance to scoop up some pandemic winners at a discount

Many white-hot tech stocks, including the likes of **Docebo** (TSX:DCBO) and **Kinaxis** (TSX:KXS), could be at risk of falling back to Earth as a part of a panic-driven "everything sell-off." Although each firm has already demonstrated its resilience in the face of this horrific pandemic, the next market plunge could have the potential to drag everything down in a rush for the exits.

If either Docebo or Kinaxis stock crumble in the next market sell-off, I'd look to step and buy each of them on the way down, as both look well-positioned to continue riding out this difficult market environment. Consider nibbling on such tech stocks in the days before election day with the intention of adding to your position in a month's time, after the market has had ample opportunity to digest the potential administration changes (or lack thereof) and the possibility of further COVID-induced lockdowns.

Without further ado, let's have a closer look at each tech stock to determine which one you should be eyeing closest in the coming tumble.

Docebo

After having nearly quintupled from its March lows, Docebo stock could find itself feeling the full force of the next market sell-off. While the valuation has swelled to absurd levels in recent months, the name is worthy of adding to one’s radar, as the magnitude of pandemic tailwinds at the firms back has been nothing short of profound.

The mid-cap tech stock trades at 23x revenues, leaving at risk of facing amplified damage in a technical correction. Still, given the firm’s rapidly-growing roster of big-league clients and its ever-improving AI-leveraging platform, growth-savvy investors who missed the recent run may have another chance to get into the early-stage cloud growth play as it looks to become a household name amid the continued work-from-home (or work-from-anywhere) shift.

Should Docebo stock fall to the high-$30 support level, I’d be inclined to back up the truck, as I believe Docebo’s pandemic tailwinds justify a premium P/S multiple north of the 20 times mark. For now, keep the name on my radar and be ready to pounce when the time comes.

Kinaxis

The COVID crisis has ravaged the supply chains of many firms. As this crisis worsens, the supply-demand imbalances are expected to continue, fueling the appetite for supply chain scenario simulations. With one of the better products out there to tame the complicated beast that is the supply chain, Kinaxis is poised to continue riding high on pandemic tailwinds.

Like Docebo, though, Kinaxis may have overshot its intrinsic value range amid the tech-driven summer rally. Shares currently trade at 22.6 times revenues, which, while in-line with most other pandemic-resilient cloud stocks, is a tad too expensive for my liking, even given the tough environment that favours Kinaxis’ business.

Should the market meltdown spark a technical correction in the biggest winners of the first three quarters, Kinaxis is one of the better names to buy on the dip. While I don’t suspect a fast and furious crash like the one that hit **Fastly** stock, I do suspect Kinaxis is at risk of flirting with bear market territory as soon as November.

Foolish takeaway

Buying stocks on crashes is supposed to feel uncomfortable. The more uncomfortable you feel going against the grain with a fast-falling stock, the greater your chances of landing an outsized risk-adjusted return. Both Docebo and Kinaxis are pandemic-resilient tech stocks that should be bought if Mr. Market turns his back against everything, including the biggest tech winners of the year.

CATEGORY

1. Coronavirus
2. Tech Stocks

TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

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