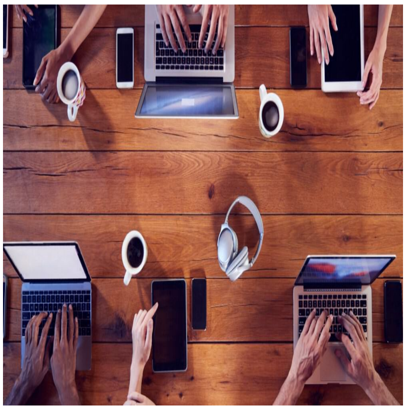

3 Top TSX Tech Stocks to Watch in November

Description

Most technology stocks are probably too expensive to buy on the **Toronto Stock Exchange** at the moment. While it would be nice to think that our investments have an unlimited upside, this is wishful thinking. In fact, the more likely scenario is that these big gainers will correct downward in the next 12 months.

Technology stocks soared to overly optimistic levels this year, as investors scrambled to manage the March 2020 market crash. Price-to-earnings (P/E) ratios are above 100 for some of these more popular stocks. In fact, the best-performing technology stocks this year might turn into the worst-performing assets in your stock market portfolio soon.

That being said, now is not the time to invest in some of these popular technology stocks. Here are three technology stocks to watch for a price drop before buying in November.

Shopify: A speculative play or a long-term investment?

Shopify (TSX:SHOP)(NYSE:SHOP) fell to a 52-week low of $372.01 during the March market sell-off before rebounding to a new 52-week high of $1,502. As of Monday, the technology stock was down $81.50 to $1279.95 per share.

Shopify is an e-commerce stock offering a robust web hosting platform for small- to medium-sized businesses. The company offers a wide range of services to help its clients succeed, including loans. Arguably one of the more popular tech stocks this year, Shopify has soared to a price-to-earnings ratio of 612.72.

Stocks with unusually high price-to-earnings ratios could be terrific growth buys this year or they could be big losers. High P/E ratios might be a red flag for largely speculative investments. It might be better to sit these stocks out unless you are willing to gamble.

Kinaxis: Too expensive or heading for major growth?

Kinaxis (TSX:KXS) fell to $86.53 during the March market sell-off and then rebounded to a new 52-week high of $224.98. This technology stock was down $4.14 on Monday to $207.02 per share at the time of writing.

Kinaxis provides cloud-based subscription software for enterprises with complex supply chain management needs. This global firm boasts clients in the United States, Europe, Asia, and Canada.

This technology stock also has a high P/E ratio of 192.18, making this a risky investment today. If you already had this in your retirement portfolio before the run-up in price, then you might not need to worry. However, if you are thinking about purchasing this stock today, then you might want to hold off.

Docebo: A new TSX technology stock to buy

Docebo (TSX:DCBO) fell to $10.30 during the March market sell-off. Like Shopify and Kinaxis, Docebo rebounded to a new 52-week high of $60.44 after the initial March drop in price. At the time of writing, investors are trading its shares for $58.69 per share.

As with Kinaxis, Docebo also provides cloud-based software. However, Docebo's software is a professional enterprise training platform.

Docebo is also a risky play on the TSX today. The price-to-sales (P/S) ratio on this stock is 33.88. Analysts warn investors against P/S ratios over 10, because it could indicate a bubble.

No one wants to buy into an asset at the height of a bubble. That's one way to lose a lot of money fast. Instead of buying Docebo today, put it on your watch list, and wait for the price to correct downward a bit.

Docebo is still a fairly new and upcoming player on the TSX. Investors have time to spare to get into this growth stock.

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1. Coronavirus
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TICKERS GLOBAL

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2. TSX:DCBO (Docebo Inc.)
3. TSX:KXS (Kinaxis Inc.)
4. TSX:SHOP (Shopify Inc.)

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