Got $2,000 to Invest? 2 TSX Tech Stocks That Could Soar in a Santa Claus Rally

Description

December has historically been one of the better months for the stock market. With COVID-19 cases surging uncontrollably, opening up the possibility of March-April-style lockdowns in certain provinces that have lost control, though, this year's Santa Claus rally could be in jeopardy.

The markets are running hot going into the month. Thus far, November's momentum has carried over, as hungry investors continue piling into COVID-19 recovery plays and white-hot IPOs to play next year's big post-pandemic economic recovery. With an imminent COVID-19 vaccine rollout, there's a lot to be hopeful about this dark holiday season.

That said, investors should resist the urge to speculate on maximizing one's upside and should instead look to the names that possess the best risk/reward trade-off going into the new year. That means taking a raincheck on those U.S. IPOs that have been hogging all the attention of late and looking to reasonably valued stocks with great growth and 2021 recovery prospects, as it's these stocks that could continue rallying in the face of a potential isolated correction in the frothiest of speculative stocks (think **Airbnb** and other isolated bubbles that have inflated through the course of 2020).

Consider shares **BlackBerry** (TSX:BB)(NASDAQ:BB) and **Kinaxis** (TSX:KXS), two compelling tech stocks that I think could have room to run if we're for a Santa Claus rally.

BlackBerry

BlackBerry stock woke up after hovering around in the single digits following news that it joined forces with **Amazon.com** Web Services to create a vehicle data platform called IVY. Since the big news, shares of BlackBerry have not looked back. While there could be a near-term retracement back to the single digits, I think BlackBerry's bounce back is just getting started, not just because of the potential behind IVY, but because there are catalysts on the horizon.

The auto sector has been recovering in recent months, and it's probably not done yet. BlackBerry has felt the impact of the COVID-19 crisis, with its QNX business taking a hit. Once COVID-19 is conquered in 2021, though, I think it'll be off to the races for BlackBerry, which may have reached a turning point after one of the worst socio-economic crises in recent memory.

The stock trades at 2.4 times book value and 4.6 times revenues, both of which are multitudes lower than almost any other stock engaged in developing innovative platforms within the IoT or cybersecurity arena.

Kinaxis

Kinaxis is by no means a value stock, with its shares trading at nearly 17 times sales at the time of writing. The stock has been stuck in a tailspin since early November. As one of the biggest pandemic beneficiaries, Kinaxis's COVID-19 tailwinds are going to fade away in the new year.

The firm creates supply chain management solutions that aim to help firms tame the complicated beast that is the supply chain. Amid this crisis, the supply chains of many firms have been a complete mess. Scenario simulations have been on the rise due to the disruptive impact of the pandemic. While it's easy to think that the demand for Kinaxis's product will wane once the pandemic is over, I still think firms will continue to spread the word about the company's efficiency-driving, cost-saving platform.

Supply chain challenges will still persist well after this pandemic is over and think the best of days of Kinaxis's growth story still lies ahead. As such, I'd look to buy a partial position in Kinaxis on the latest 20% dip. Shares have rolled over in a huge way, so get ready to add to your position over the coming weeks and months.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

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

Category

1. Coronavirus

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

Date
2025/08/20
Date Created
2020/12/12
Author
joefrenette