



These 3 Canadian Stocks Popped Yesterday: Should You Buy?

Description

Yesterday, Statistics Canada reported that Canada's retail sales in February rose by 4.8% to \$55.1 billion. It further put the preliminary estimates for March at 2.3%. Supported by these substantial numbers and investors' optimism over a robust economic recovery, the Canadian benchmark index, the **S&P/TSX Composite Index**, posted a new high yesterday before closing at 19,356.95, representing an increase of 0.95% from the previous day. Meanwhile, the following three companies rose by over 5%. Let's assess whether the momentum can continue going forward.

HEXO

Yesterday, **Hexo's** ([TSX:HEXO](#))([NYSE:HEXO](#)) Masson-Angers cultivation campus in Quebec [received](#) the Control Union Medical Cannabis Standard GACP certification. The company's management hopes the certification could help in increasing its market share in Canada and penetrate newer markets worldwide. Meanwhile, the certificate could also aid in partnering with major CPG players to launch its edible products.

Along with the certification, the resumption of coverage of few cannabis stocks by **Bank of America** appears to have increased investors' confidence, driving HEXO's stock price higher by 12.7% yesterday. Despite the rise, the company still trades over 42% lower from its February highs and offers an excellent buying opportunity, given its impressive growth initiatives. The acquisition of **Zenabis Global** could position HEXO as one of the three major players in the Canadian recreational cannabis market while delivering around \$20 million of savings due to synergies between the two companies.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) reported an impressive first-quarter performance yesterday, thumping analysts' expectations by considerable margins. Its revenue and adjusted EPS came in at \$988.6 million and \$2.01, beating analysts' expectations by 14.6% and 168%, respectively. Its revenue grew 110% year over year, with its gross merchandise value more than doubling to \$37.3 billion.

Further, the company also earned \$1.3 billion of unrealized gains from its investment in Affirm, an online payments company, which went public in January. Boosted by its strong performance, Shopify's stock price rose over 11% yesterday. Meanwhile, the structural shift towards an omnichannel model of selling and increased online shopping has created a long-term growth potential for Shopify. Its growing customer base and innovative product offerings bode well with its growth prospects. So, I believe the uptrend in Shopify could continue.

Analysts are also favouring a "buy" rating for the stock. Of the 36 analysts that cover Shopify, 17 have given a "buy" rating, while 16 have issued a "hold" rating, and the remaining three have given a "sell" rating. Analysts' consensus price target stands at \$1,900, representing a return potential of 12.2%.

Real Matters

Real Matters ([TSX:REAL](#)), which was under pressure over the last few months, reported a better-than-expected second-quarter performance yesterday. Its consolidated revenue grew 17.5% to \$128.8 million, while its adjusted EBITDA rose by 30.2%. Strong volume growth and margin expansion in its U.S. Title segment drove its financials during the quarter. The company has added four new lenders in the U.S. Title segment and two new lenders in the U.S. Appraisal segments during the quarter.

The strong second-quarter performance and addition of new clients drove the company's stock price higher by 5.1%. Despite yesterday's rise, the company still trades over 44% lower than its 52-week high. Meanwhile, the demand for the company's services could sustain amid the low-interest environment. Further, its proprietary platform, robust network capabilities, and nationwide presence provide Real Matters a significant competitive advantage. So, [I believe the uptrend in the company's stock price to continue](#).

Analysts also look bullish on the stock. Of the eight analysts covering the stocks, seven have given a "buy" rating, while the remaining analyst has issued a "hold" rating. Analysts' consensus price target stands at \$26.51, representing a return potential of 44%.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:HEXO (HEXO Corp.)
4. TSX:REAL (Real Matters Inc.)
5. TSX:SHOP (Shopify Inc.)

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