



3 Recovery Stocks to Buy Before May Ends

Description

After a correction, the stock market is back to rally. The correction came after the third wave of the pandemic. Moreover, Budget 2021 proposed to reduce the fiscal stimulus package from July. The tech stocks that benefitted during the first wave of the pandemic corrected in May over concerns that growth will normalize. As the vaccination drive accelerates and many world economies reopen, it is time for another recovery that is not backed by fiscal stimulus.

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Many companies that saw a revenue dip due to pandemic-induced lockdowns are now seeing signs of recovery. And this recovery is huge because of a year-long pent-up demand. The month of May is your only chance to catch the growth stocks at a discount. They could start a recovery rally as early as June.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) stock surged 15% in one day after it reported upbeat fiscal 2021 earnings and gave a robust outlook. It is a stock that benefitted during the pandemic due to the growing adoption of its commerce platform among retailers. However, its revenue from the hospitality segment fell 15% as restaurants remained closed during the lockdown.

As the economy begins to reopen, Lightspeed is seeing early signs of recovery in the hospitality sector. The recovery growth rate is up to 75% sequentially in gross transaction volume (GTV). This has eased fears that its revenue growth rate will normalize after the pandemic.

The company has accelerated its revenue growth rate from 84% in [fiscal 2021](#) to an estimated 100% in fiscal 2022. It keeps beating estimates by a significant amount and might do so once again. The stock will continue to surge through December with a few periods of slow or no growth. But hold on to the stock as it is on the path to becoming a leader in the fast-growing niche market of omnichannel solutions.

BlackBerry stock

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is in the business of endpoint security and embedded solutions, especially automotive. The company didn't do quite well in terms of fundamentals as its revenue fell 14% in fiscal 2021 ended February 2021. The decline came as it was in a mobile patent licensing negotiation with a company. The negotiations are still ongoing, which will impact its revenue in the first half of fiscal 2022.

Moreover, BlackBerry's key growth driver is the automotive platform QNX that powers more than 175 million vehicles. The pandemic impacted automotive demand as stay-at-home orders encouraged people to delay their car purchase. Moreover, the lockdown closed all non-essential factories, impacting the car supply. BlackBerry has not yet witnessed any recovery as chip shortage continues to plague automotive production.

But BlackBerry could benefit from the pent-up [automotive](#) demand, especially for electric vehicles. And when it does see an automotive recovery, it will have one more product to offer. The IVY vehicle data platform is scheduled to hit the market in February 2022. This will multiply BlackBerry's automotive revenue in the coming years. But the stock is likely to grow before the actual revenue as the stock price reflects a company's future growth potential.

Air Canada stock

Air Canada ([TSX:AC](#)) is a stock I generally recommend for the short term, given its piling debt and rising losses. And the airline can do nothing but wait for the pandemic to ease and international borders to open. The airline has been operating at 15% capacity for over a year now. It has a massive bailout, but the cash burn continues. But there is tremendous demand for air travel.

Once the travel restrictions ease, airports will be flooded with leisure travellers who have postponed their holiday plans till eternity amid the lockdown. At present, AC is hoping to fly winter holiday destinations in September with necessary precautions like COVID tests, masks, sanitization, and social distancing.

Final thoughts

All three stocks could surge around 20% or more this year over hopes of recovery. Buy them while they still trade at a discount.

CATEGORY

1. Investing
2. Tech Stocks

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2. NYSE:LSPD (Lightspeed Commerce)

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