



## Here's Why Dollarama Stock Is Surging Right Now

### Description

Who doesn't like a good bargain? **Dollarama** ([TSX:DOL](#)) is a company that offers [such bargains](#) to its customers every day. Accordingly, the question remains: Is Dollarama stock a bargain for investors at these levels?

Indeed, Dollarama has seen its stock price surge of late. Since mid-February, shares of DOL are up approximately 20%. For investors looking for value, Dollarama is a stock that has provided this in spades in recent months.

However, the question is whether this momentum can continue. Let's dive into what has been driving this stock, and what may allow this run to continue.

### Excellent earnings buoying Dollarama stock

During the company's most recent earnings report, Dollarama investors saw just how impressive this company's discount offerings performed. Indeed, revenue growth of 13% year-over-year capped a rather impressive quarter. The company brought in approximately US\$950 million this past quarter. And total stores actually increased from 1,301 last year to 1,368 this year.

With approximately 40% of Dollarama's stores located in Ontario, and the vast majority located in Canada, Dollarama remains a company with excellent growth opportunities globally. Sales have shown robust growth despite restrictions on store capacity via the pandemic. And those betting on pandemic recovery plays have correctly targeted Dollarama as a potential beneficiary of the reopening.

Dollarama is a company with the potential to outperform in the coming quarters, as more restrictions are lifted. Those bullish on the vaccination rollout domestically will want to take a look at Dollarama at these levels. The company's upside right now is much higher than its downside risk in my view. Dollarama's growing footprint and aggressive pricing strategies provide a business model that's hard to beat today.

## Bottom line

As far as defensive stocks go, Dollarama is right up there with the best Canada has to offer right now. Yes, rising e-commerce sales have provided a headwind for many other physical retailers during the pandemic. However, given the lower cost of goods Dollarama provides, e-commerce is less of a risk to this retailer than many of its peers.

Dollarama has cornered what has proven to be a very profitable segment of the retail market. Accordingly, I'm of the opinion that now is a great time to consider this stock. Dollarama isn't cheap by any stretch of the imagination, trading near its 52-week high at the time of writing.

However, this is a stock with tremendous momentum right now. For those looking to play the momentum trade today, Dollarama is an intriguing choice.

### CATEGORY

1. Investing

### POST TAG

1. growth
2. growth stocks
3. investing
4. market
5. Retail
6. Stocks

default watermark

### TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)

### PARTNER-FEEDS

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

### Category

1. Investing

### Tags

1. growth

2. growth stocks
3. investing
4. market
5. Retail
6. Stocks

**Date**

2025/08/14

**Date Created**

2021/06/16

**Author**

chrismacdonald

default watermark

**default watermark**