



3 Skyrocketing TSX Tech Stocks to Buy Amid a Market Correction

Description

Canadian stocks have turned slightly negative, as the **TSX Composite Index** dove 0.7% last week after consistently rising in the previous four weeks. Nonetheless, the shares of some fundamentally strong tech companies, like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)), and **Constellation Software** ([TSX:CSU](#)) staged a sharp rally in the third week of June. Let's find out what could be helping these tech stocks surge, despite the recent broader market weakness, and why they're worth buying right now.

Shopify stock posted 20% gains for the week

The shares of Shopify — the popular Canadian e-commerce platform provider — rose by nearly 20% last week. With this, the stock has now risen by about 23% for the month.

In some of my recent articles, I've been [pointing out](#) how Shopify stock has remained underappreciated in 2021 so far. Despite consistently reporting far better-than-expected financial results with healthy future growth prospects, the stock underperformed the broader market in the first five months of the year.

On June 15, Shopify [announced](#) its deal with **Facebook** and Google. According to the deal, Shop Pay — its merchant payment service — will be available on Facebook and Instagram later this summer and on Google later this year. The step is likely to accelerate Shop Pay's growth and its contribution to Shopify's overall business growth in the coming quarters.

Despite trading near record highs, Shopify stock is still worth buying, as its rally for the year has just started, in my opinion.

Lightspeed stock surged 13% last week

Lightspeed is another tech stock on TSX that has been underperforming the Canadian market benchmark this year. Its stock rose by 149% last year but has seen only 11% year-to-date gains in

2021. By comparison, the TSX Composite Index has risen by about 15% this year.

While there was no specific news related to the company last week, analysts' increasing optimism about its future outlook could be one reason for its rally. Some notable analysts from **Scotiabank**, **CIBC**, and ATB Capital Markets raised their price targets on Lightspeed stock earlier this month.

According to Refinitiv estimates, Lightspeed's sales are likely to double on a YoY (year-over-year) basis in the next three quarters. This massive sales growth could help the company reach its profitability targets sooner than expected in the coming years. At the current market price of \$99.53 per share, I find its stock attractive to buy for the long term.

Constellation Software stock surged 8%

Constellation Software stock inched up by 7.6% last week. As a result, the Toronto-based enterprise software company's stock has risen by about 12% this year so far — still underperforming the TSX Composite benchmark. Like Shopify and Lightspeed, Constellation stock also has largely been neglected by investors this year, I believe.

In the quarter ended March 2021, Constellation Software's earnings increased by 113% YoY to US\$15.50 per share. It was also 52% better than Bay Street's estimates of US\$10.21. the ongoing trend in its sales is positive, and its sales growth rate is expected to improve further in the second quarter. A robust sales and earnings growth, along with its management's focus on consistently acquiring good businesses, make Constellation Software stock worth buying, despite the ongoing market correction.

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TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:SHOP (Shopify Inc.)

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