1 High-Growth Canadian Stock Worth Buying

Description

The second half of 2021 could be another wildly volatile one for high-growth Canadian stocks, especially if consumer price index (CPI) data were to reveal even more inflation. Now, there's really no way to tell if the U.S. Federal Reserve is right about the first half bout of inflation being transitory. Although numerous pundits are in agreement that inflation will calm over the next year, one should not be ill-prepared for the high-impact, lower-probability event of runaway inflation.

Indeed, many of today's investors don't know what it's like to invest in an era of problematic levels of inflation. While there are many deflationary forces in play, one must resist the urge to conclude that the recent descent in 10-year U.S. Treasury rates will continue into year-end. When it comes to high-growth Canadian stocks, it's almost all about the trajectory of rates.

Inflation and rate woes could carry on in the second half

While rates and inflation jitters are calm for now, there's no telling what to expect come the reveal of June's U.S. CPI numbers. If they're considerably higher than 5%, rates could spike, and we could see another growth-focused correction like the one endured in the first half of the year. Undoubtedly, the second-half stage is set for rampant volatility, especially for Canada's top growth stocks, which kicked off the year with a rocky start.

On the flip side, evidence of cooling inflation and growing evidence that supports the Fed's transitory views could fuel the next leg higher for some of the best Canadian growth stocks out there. While I think that the Fed will be right with their benign views of inflation, I wouldn't rule out the occurrence of negative inflationary surprises, even if they seem unlikely through the eyes of most pundits.

A balanced barbell portfolio can help you tame inflation-induced volatility

Undoubtedly, a "barbell" approach still looks to be a great strategy to tame volatility going into the second half of 2021. Do invest in growth, but also have a backup plan in case we're due to have another prominent growth-to-value rotation.

In this piece, we'll have a look at one high-growth Canadian stock to buy as a part of an already well-balanced barbell portfolio. Enter **Score Media and Gaming** (TSX:SCR)(NASDAQ:SCR).

A speculative high-growth Canadian stock that may be worth the risk

Score Media shares are highly speculative, but they may be worth the risk for younger, venturesome investors willing to put up with extreme levels of volatility over the next two to three years. Score Media is a well-run sports-betting firm that could find itself with a front-row seat to the Canadian single-game sports-betting market — a market that's poised to become legal on the passage of Bill C-218.

Over the past year, Score stock has essentially traded like an option of the bill's passage. On June 22, the bill passed in the Senate. The bill now needs royal ascent to make things official. When the bill passed, Score stock pulled back in a nasty "sell-the-news" scenario.

Buy the dip as others sell the news?

I think the reaction was overblown, to say the least. As theScore seizes the unique opportunity at hand, there's no telling how high the stock could fly over the next five years and beyond. Should inflation ease and rates continue pulling back, I wouldn't at all be surprised to see shares rise back to all-time highs.

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