3 TSX Stocks to Buy on the Dip Right Now

Description

Top TSX stocks witnessed strong buying in the past year. While growing digital adoption drove Canadian tech stocks higher, a better-than-expected economic recovery, rising consumer demand, and expected revival in corporate earnings can be attributed to most sectors' growth.

However, valuation concerns, expected normalization in growth rate, and profit booking has led to a healthy correction in some of the top stocks listed on the TSX. I believe the dip in these stocks provides an excellent buying opportunity for investors with a long-term outlook. Let's look at the shares of three such Canadian companies that have lost more than 10% in value and are solid long-term bets.

Goodfood Market

Goodfood Market (TSX:FOOD) is a solid high-growth long-term stock. Notably, shares of the online grocery provider appreciated about 315% since it was listed on the TSX in June 2017 and has significantly outperformed the benchmark index.

However, Goodfood Market stock has dropped about 19.2% this year, as warm weather and the reopening of retail locations led to a slowdown in its active subscriber growth rate. While I expect a portion of the consumer spending to roll back to the physical retail stores, the demand for online grocery services could remain elevated, even in the post-pandemic phase. Thus, I see the dip in Goodfood Market stock as a solid opportunity to buy this high-growth company on the dip.

I believe secular industry tailwinds focus on reducing delivery time, and the expansion of its online offerings could continue to drive subscriber growth and order frequency. Moreover, Goodfood Market's dominant competitive positioning, increased investments in automation, growing scale, and network optimization could further accelerate its growth rate.

Cargojet

Like Goodfood Market, **Cargojet** (TSX:CJT) has made its investors rich and delivered massive returns . Cargojet stock has appreciated over 425% in five years and over 2,418% in the past decade. The company benefitted significantly from the pandemic, as it accelerated the demand for its services.

However, Cargojet stock has reversed some of its gains and has dipped about 18.8% this year, presenting investors with a good buying opportunity.

Looking ahead, I expect the company to continue to deliver stellar financials, led by sustained momentum in its core business. Furthermore, higher e-commerce demand, high client-retention rate, and long-term contracts provide increased visibility over future cash flows. Cargojet's next-day delivery capabilities, cost optimization, and international growth opportunities augur well for future growth and position it well to deliver solid financial performance.

Docebo

Shares of the corporate e-learning platform provider **Docebo** (TSX:DCBO)(NASDAQ:DCBO) have gained over 361% since its IPO in October 2019. However, the economic reopening and profit booking after its stellar run led to a more than 10% decline in its stock this year.

Supporting my bullish outlook is the stellar growth in Docebo's annual recurring revenues. I expect the momentum in its recurring revenues to sustain, reflecting continued growth in active customers and strength in OEM sales. The company's average contract value is also growing at a healthy pace, which is encouraging.

Overall, its solid recurring revenues, large addressable market, and ongoing investments in sales and marketing are likely to support its financials. Also, customer expansion activity, higher retention rate, productivity savings, and improving efficiency are likely to push Docebo stock higher.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:CJT (Cargojet Inc.)
3. TSX:DCBO (Docebo Inc.)
4. TSX:FOOD (Goodfood Market)

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Date
2025/08/24
Date Created
2021/07/16
Author
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