



2 High-Momentum Canadian Stocks to Buy in August 2021

Description

We're all about fundamentals at The Motley Fool Canada, but I still think there's no harm in considering the technical picture as well. If both the [fundamentals](#) and technicals align, you may very well have one of the timelier Canadian stocks to pick up for both near- and long-term gains.

In this piece, we'll have a look at two undervalued stocks that I believe have a high chance of "correcting upwards" over the coming weeks and months. So, whether you're looking for year-end gains or multi-bagger upside over the course of many years, please consider the following:

Alimentation Couche-Tard: The breakout has finally arrived

I've been a raging bull on shares of **Alimentation Couche-Tard** (TSX:ATD.A)(TSX:ATD.B) for quite some time now. The retail kingpin behind Circle K and Couche-Tard convenience stores has been trading sideways (with bumps in the road) for a few years now. But the name has recently woken up, as the management team reaffirmed its incredible growth ambitions.

It's clear that investors hated the Carrefour pursuit earlier in the year, as evidenced by the quick correction in response. Even though the deal was denied almost immediately, the stock didn't bounce back as quickly because many investors likely grew confused over Couche-Tard's already misunderstood growth story. The shock certainly didn't help either, as no sell-side analysts saw a French grocer such as Carrefour as a realistic acquisition target.

Investors hate being confused almost as much as they detest surprises. If you bought the dip, as I suggested, though, you landed a nice gain, as shares fully recovered and then some. Today, the stock is breaking out. Management heard the message loud and clear: investors don't want any more shocking deals.

Moving ahead, it looks like Couche-Tard is sticking with its tried and tested M&A strategy. While valuations across the board are pricey in today's market, I'd argue that taking smaller nibbles, as opposed to huge bites, with its mountain of cash is the best M&A strategy moving forward. As the company looks to get active on the acquisition front once again, I think it's a mistake not to get into the

stock, as it goes full speed to hit its growth target.

At 16.6 times earnings, Couche-Tard is undervalued relative to its low-risk growth prospects. And technically speaking, the stock hasn't looked this good in years. Shares are garnering momentum, and the next stop may very well be above the \$60 mark.

My takeaway?

Don't sleep on this night owl, as it's capable of [flying](#) even higher.

Aritzia: A high-momentum Canadian stock with room to run

Aritzia ([TSX:ATZ](#)) is another one of my favourite companies to own for the long haul. Like Couche-Tard, I don't think investors fully appreciate the growth story. Even after an incredible past-year run that saw shares skyrocket over 120%, I don't think the stock is nearly as expensive as it could be if management can continue executing on its incredible growth plan south of the border.

Given the profound success enjoyed online and offline, I think the company is more than capable of continuing to score grand slams in the hot U.S. market, where consumers are leveraging up to purchase nice-to-have goods.

Moreover, as people return to the physical realm, wardrobes are going to need an update. As we move closer to normalcy, the pent-up demand for the latest fashion could surge, which could propel shares well much higher. The macro picture looks good, as do the company specifics. For the magnitude of growth you're getting, I'd expect Aritzia to command a price tag far higher than 4.5 times sales.

Technically speaking, Aritzia looks timely. The stock has considerable momentum behind it, which, if successful, could propel shares as high as \$44.

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2. TSX:ATZ (Aritzia Inc.)

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Date

2025/07/27

Date Created

2021/08/12

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