3 of My Favourite TSX Stocks You Should Buy After a Market Pullback

Description

Rising bond yields weighed on **TSX** stocks this week. The **S&P/TSX Composite Index** fell 4% from its record highs while the **S&P 500 Composite Index** dropped 4.6%.

Soaring bond yields typically weigh on risky assets as they lower the latter's value, making them look overvalued. Here are three of my favourite Canadian stocks to buy after the recent market pullback.

Nuvei

Canadian fintech stock **Nuvei** (TSX:NVEI) has been up almost 170% in the last 12 months. The recent market selloff brought the stock down from record levels of $180 to $146 on September 28. That's a decent 20% correction!

Nuvei stock has been rallying for long, and such a breather was quite expected. Long-term investors should note that the recent drop does not affect Nuvei's growth prospects at all. So, it could be an excellent opportunity to grab this tech company while it's relatively cheap.

Nuvei provides payment processing gateways to e-commerce, online gaming companies, and cryptocurrency platforms. It has been expanding its scale at a rapid clip both organically as well as inorganically.

The company management has given a revenue guidance of US$700 million for 2021, representing a growth of 87% year over year. Nuvei's profit margins, upbeat outlook, and large addressable market will likely help it outperform in the long term.

goeasy

This week, Canadian consumer lender stock **goeasy** (TSX:GSY) dropped almost 10% amid the broad market selloff. It has gained 220% in the last 12 months, outpacing broader markets by a wide margin.

This drop could get deeper depending on how the bond yields and stocks at large behave. However, goeasy is one of the top TSX stocks that offers handsome growth prospects for the long term.

The company expects 12%-15% annual revenue growth through 2023 with an adjusted operating margin of 37%+. Economic recovery, particularly after the pandemic, could significantly boost demand for consumer loans, which could benefit goeasy.

This $3.3 billion consumer lender has been a solid wealth creator for its shareholders. Driven by its above-average earnings growth, GSY stock returned 2,000% in the last decade and 9,580% since 2001!

Air Canada

Air Canada (TSX:AC) stock has notably underperformed markets this year. I think several factors support AC's recovery, but market participants are downplaying them. It has fallen more than 15% since June 2021, with no concrete signs of revival.

However, I expect a strong bounce back from the flag carrier in late Q4 2021. Aggressive vaccinations, curbing restrictions, and the holiday season could lead to robust air travel demand recovery later this year.

Air Canada has already witnessed strong revenue growth in the first half of 2021 against the same period last year. We can see a similar trend in Q4 2021 and the first half of next year.

Reaching the record profitability of 2019 levels will indeed take time. However, remarkable revenue growth and operational efficiency might foster a faster-than-expected recovery in Air Canada.

AC stock is trading 55% lower than last year's highs. While broader markets have long breached their previous records, though late, AC stock might join the party soon.

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2. TSX:GSY (goeasy Ltd.)
3. TSX:NVEI (Nuvei Corporation)

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