Buy the Dip: 2 Stocks That Could Bounce Back Quickly

Description

Have you been waiting for an opportunity to buy quality stocks on a dip that did not seem like it would arrive before the year ends? If so, that chance for you to purchase shares of high-quality companies at a significant discount might finally be here.

The global stock market has been in a bit of turmoil following **China Evergrande** buckling under the pressure of its own weight. Prices have fallen across most industries in several countries, and the global financial markets may face significant challenges due to the situation.

At writing, the **S&P/TSX Composite Index** is down by 3.61% from September 3, 2021. The major Canadian financial institutions enjoy a degree of insulation from the situation with Evergrande. However, it is not entirely impossible for it to impact the Canadian equity market indirectly.

It is difficult to determine how long the current bear market may continue, but the operating environment is ripe for investors looking to swoop in on high-quality stocks on the dip to turn a quick profit from recovering valuations.

Today, I will discuss two **TSX** stocks that you can buy on the dip today with the potential for a quick recovery.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is the one tech stock many investors would want to buy if its price drops significantly. The blue-eyed darling for the **TSX** has provided its investors with multi-bagger returns several times over the years, posting growth unlike anything the Canadian equity market has seen.

Shopify stock is trading for $1,719.22 per share at writing, reflecting a discount of 16.88% from its all-time high from July 2021. Despite the dip, it is trading for 21 times book value, 55.68 times sales with a forward P/E multiple of 253.83, making it an expensive stock to consider.

Typically, I would advise against investing in such an expensive company. But if there is one stock that can justify any multiple by delivering the necessary growth, it is Shopify stock.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is another stock that could make for a good pick for investors in the current operating environment. The stock is trading for $26.26 per share at writing. and is down by 16% from its June 15, 2021 high. Like most other stocks, Suncor declined during the broader market weakness, despite improving fundamentals this quarter.

At writing, West Texas Intermediate (WTI) crude is trading for around US$74 in the futures market, and that is more than what the company needs to turn a profit on based on its latest quarterly earnings report. The energy giant generated $2.3 billion in funds from operations, $722 million in operating income, and $868 million in net income.

Provided that crude oil prices remain high, Suncor stock could make a rapid recovery and deliver stellar shareholder returns.

Foolish takeaway

Given the fact that the broader equity market in Canada is going through a period of weakness, Shopify stock and Suncor stock investors might continue to experience short-term pain in terms of investor returns. However, buying these high-quality stocks at their current share prices might provide you with significant returns as the market recovers from these conditions.

It could be the right time to pick up shares of Suncor Energy stock and Shopify stock right now.

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