



A Top TSX Stock Under \$10 to Add to Your Shopping Cart in October

Description

The price of a TSX stock shouldn't be atop your list of traits to look for when going on the hunt for opportunities. While an under-\$10 stock is nice to have, it certainly doesn't mean that it's [undervalued](#) in the slightest, even if it's had a massive fall from grace. Undoubtedly, many value traps and penny stocks that are less than investable are in the under-\$10 category. Still, there are ample hidden gems that make sense for new investors to pick up if they've only got a limited sum to invest. But do please remember that a low stock price doesn't mean as much as the size of a company's market cap. Moreover, one must put in extra due diligence to ensure the value or long-term growth opportunity is not just smoke and mirrors. Indeed, the stakes can be higher with smaller-cap names, but they don't have to be.

Mid-caps and small caps can improve your chances of beating the market, given Mr. Market isn't always the best at pricing them at close to their intrinsic value range. So, if you're a stock picker who's not shying away from volatility amid this latest market-wide decline, consider the following TSX stock under \$10 that I think is a great buy right here.

Goodfood Market: Under \$10 and undervalued in October!

Goodfood Market ([TSX:FOOD](#)) has been quite [the wild ride](#), with shares getting chopped in half earlier in the year before bouncing back modestly. Today, the stock's relief rally has run out of steam. Indeed, many consumers are feeling more comfortable heading back to grocery stores and putting their meal-kit delivery services on pause. Goodfood has made major strides over the past year or so. The company is no longer just a meal-kit firm; it's a grocery-delivery play, with a growing option of add-on items, ranging from private-label frozen goods to health-savvy smoothie mixes and cold-pressed juices. With braised beef and other ready-made options, Goodfood may give grocery stores a good run for their money.

Consumers will pay the price for Goodfood's offerings, though. The company charges fees for delivery services and service fees. Amid rising food price inflation, Goodfood is feeling the pressure. And any price increases could cause subscribers to hit the pause button. Food price inflation isn't going away

anytime soon. Grocery stores are the cheaper option for Canadians feeling the pinch. Still, Goodfood has options, and it's leveraging them well. Its private-label grocery offerings in particular could be key to Goodfood's enhanced value proposition in a time where food price is surging.

In any case, Goodfood is under considerable pressure in this reopening and inflationary environment. Profitability could and should be pushed aside, though, as the firm looks to take share.

Just how much are Canadians willing to pay up for the convenience of grocery delivery? This remains to be seen. In any case, private-label offerings and the occasional sale could help the firm mitigate the volatility storm that appears to be on the horizon.

What about the valuation?

With shares trading at \$8 and change, shares boast a mere 1.8 times sales multiple. The 0.09 beta leaves FOOD stock lowly correlated to the **TSX Index**, which could come in handy as this selloff intensifies. The real question is, how is Goodfood going to retain subscribers, as dreaded price increases strike? With more grocery options, I think Goodfood can remain dominant, as the crowded meal-kit delivery scene grapples with tougher conditions in a reopening environment that could see coupon-clipping, personal budget cost cuts, and constant checking of flyers for deals.

I think Goodfood should jump aboard the coupon bandwagon and double down on its "sales" section. Consumers are sick of the food price inflation, and they could look to cut costs across the board. This puts Goodfood in a tough spot. Still, I'm a huge fan of CEO Jonathan Ferarri and think the stock is way too cheap after a selloff that's already baked in recent industry headwinds.

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