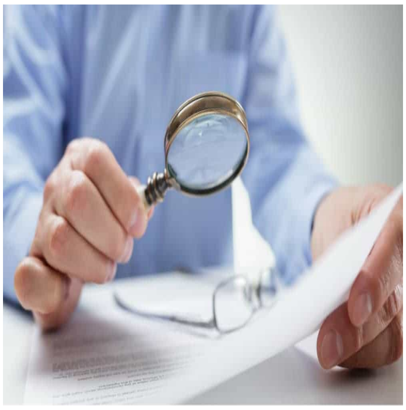

2 Cheap TSX Growth Stocks to Watch

Description

It’s been a rocky start to the fall season, and if you’re hesitant to load up on your favourite stocks on the way down, you’re not alone. You should keep a watchlist of TSX stocks you’d be willing to buy at a given price, though. Should this selloff intensify over risks we’re aware of or not, you should look to be a buyer. Without further ado, here are two TSX growth stocks I’d look to watch should the turbulence continue and the sale on stocks gets better.

Goodfood Market

We all knew that things would become much harder for **Goodfood Market** (TSX:FOOD) and the broader meal-kit delivery scene. The COVID pandemic could wind down in 2022. And with that comes a return to grocery stores and restaurants — places that Goodfood and its niche market are competing with. Indeed, convenience is key. But consumers are going to paying for such convenience. With growing concerns over slowed economic growth, stagflation, and the possibility of another recession, the Roaring 20s may be replaced with a 1970s type of environment. It’s not ideal. And in response, many may find themselves slashing their budgets, looking to save money where possible.

Goodfood offers a great value proposition, but how will it fare in a post-COVID recession? That’s the million-dollar question. Fortunately, a majority of the damage has already been baked into the compelling lockdown play. The stock got cut in half earlier this year and is now running out of steam.

Still, the company has done a terrific job of pushing its consumers to add to their orders through a growing range of add-on products to better compete against grocery stores. For many who can afford to stay on, the convenience is unparalleled. In any case, Goodfood looks poised to take share in a big way. And at 1.8 times sales, one has to think that most of the negatives are already cooked in here. I certainly think so. While I wouldn’t load up, count FOOD as one of many cheap TSX growth stocks to watch going into year-end.

TC Energy

If you missed the recent run-up in anything energy related, I think there's a compelling way to catch up with the likes of a **TC Energy (**TSX:TRP)(NYSE:TRP). It's a high-quality pipeline that's not only poised to benefit from a changing of the tides in the global energy patch. But it also has a magnificent 5.3% dividend yield that will compensate for your patience and what looks to be a pretty timely technical signal in the works.

A reverse head-and-shoulders pattern may very well pan out for shares of TC Energy. Such a move could propel TRP stock right back to new all-time highs. And the dividend yield will compress accordingly, making TRP seem like one of the timelier buys right here, especially for those who've shied away from everything energy, including the pipelines. TC Energy is my favourite pipeline play out there for its incredibly diversified portfolio of assets. The robust operating cash flows make TC Energy seem more like a magnificent utility stock with a low correlation to broader markets. Indeed, if oil and gas continue rallying, the tide in the energy patch will lift everything, including TC, up — perhaps way up.

At the time of writing, TRP stock trades at 2.2 times book value and 4.9 times sales. It's no longer the steal it once was. The valuation puts it in line with many of its midstream peers. But I believe TC should trade at a premium to said peers for its stellar management and greater geographic exposure.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:FOOD (Goodfood Market)
3. TSX:TRP (TC Energy Corporation)

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