2 Canadian Stocks to Buy Right Now

Description

The stock market bull is raging, with the TSX Composite Index up 5.5% so far this month. The steep jump in several stocks is encouraging many investors to buy some shares. But you don't buy the stock when it is rising. You buy a stock when it falls. Chasing a rally could leave you with an expensive stock.

When is a good time to buy a stock?

Every stock has its ups and downs. Hence, you first add the stock to the watchlist, do your research on the company's business, monitor the share's momentum, and buy it when it falls. I have identified two shares to buy right now.

- **CGI Group** (TSX:GIB.A)(NYSE:GIB)
- **Open Text** (TSX:OTEX)(NASDAQ:OTEX)

Both shares are in the technology sector and enjoy predictable cash flows through long-term contracts. They both are in a long-term uptrend with short-term ups and downs. Currently, the stocks are down 3-10% from their September high. Now, who should buy these stocks and why?

CGI Group stock

CGI is in the business of information technology (IT) and business consulting services. It helps companies go digital and stay digital. CGI has long-term contracts with government agencies and large companies that make its cash flow predictable. The stock is in a long-term growth trend and moves gradually upwards.

In the last five years, CGI share surged 80%, outperforming the TSX Composite Index that surged 40%. While this was the performance of five years, CGI stock has underperformed the market since the March 2020 dip. There are many factors at play. The stock market soared during the pandemic on the back of virus stocks like **Shopify** and **Lightspeed Commerce**.

CGI share has returned to the pre-pandemic level and has the potential to continue its marginal growth. You may ask why to buy this stock that gives marginal growth and no dividends. Look at it as a risk reducer. The share has a beta of one, which shows its volatility is in line with the market. There are temporary ups and downs, but, overall, the stock generates growth.

Open Text

Open Text provides information management solutions to big enterprises and enjoys predictable cash flows due to its long-term service contracts. Some of its recent clients are the shipping company Maersk and **Dell**. The supply chain management issues like the chip and pharma supply shortage and the blockage of the Suez Canal have created the need for better global records and invoice management, creating the need for Open Text's solutions. The company continues to enjoy stable revenue growth. There are some ups and downs in cash flow due to delays in contract renewals or contract negotiations.

Let's move to Open Text's stock performance. The share is in a long-term uptrend, with short periods of dips. In the last five years, a 15-20% dip was followed by a 25-30% surge. Such occasional dips are normal. In these five years, the stock has surged 45% — almost in line with the market.

But if you notice the stock trend and buy at every dip, you can get better returns. It is all about the timing. If you invested $1,000 in the September 2015 dip, your returns would be 58%. Right now, Open Text stock is down 10% from its August high — a good time to buy the dip.

CATEGORY

1. Investing
2. Tech Stocks

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3. TSX:GIB.A (CGI)
4. TSX:OTEX (Open Text Corporation)

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