1 Growth Stock Canadians Should Buy for 2022

Description

Depending on whether you were overweight high-multiple growth stocks, you may have thought 2021 has been quite the turbulent year. Undoubtedly, the sudden rise in rates brought forth a considerable amount of pressure on all the highest flyers from 2020. Indeed, it was a bit of a road bump, as growth stocks continued surging higher after the correction had finished rolling through. Heading into 2022 is more uncharted waters.

COVID is still wreaking havoc on supply chains around the world, and the Fed may have to take a hawkish turn if inflation doesn't show some signs of backing down. Indeed, inflation has been much more unforgiving than the Fed expected thus far. But that doesn't mean the Fed is wrong. Fed chair Jerome Powell is only human, and he has no crystal ball. While he could be completely wrong about the transitory nature of the recent bout of inflation, I'd argue that such odds are quite low. Inflation could last a little bit longer and go a little bit higher, but don't count on stagflation or hyperinflation — two dire terms that have been thrown around a lot lately.

What should Canadians expect in 2022?

Just as there was no depression due to the 2020 COVID stock market crash, there's unlikely to be 1970s-style stagflation that will doom the 2020s to sluggish growth and elevated levels of inflation. Although the recent uptick in inflation is just one of many contributing factors behind the Great Resignation of 2021, investors should be prepared for anything in 2022 but still have faith in the Fed. They are monitoring all the economic data that comes in, after all.

While Powell does maintain his dovish stance, he's more of a man who's willing to stay the course, unless he's proven wrong by any economic data. A wait-and-see approach seems to be the right way to go. In any case, investors should be prepared for another year of inflation in the 4-6% range. That means any cash could be dealt with a triple-dose of wealth erosion than the typical 2% range targeted by the Fed. That makes the opportunity costs of holding cash very high. Still, having some cash on hand can always pay off if ever the market does fall into a crash or correction.

Regardless, investors must not subscribe to one single event to occur next year. Hyperinflation, stagflation, and all the sort are real risks. But they may not be the likeliest of risks. As such, investors should continue staying the course, as they've been doing since the markets fell off a cliff earlier last year. Depression, pandemic, stagflation, and hyperinflation are all bear-case scenarios, which, as many of us know, aren't very likely outcomes that should derail our long-term investment plans.

Shopify: A growth stock perfect for 2022

As **Shopify** (TSX:SHOP)(NYSE:SHOP) continues sagging over fears of higher rates, investors may wish to start nibbling. Shares are down 15% from their highs and are in the process of climbing back to highs just north of $2,000 per share. With an incredible management team and enviable R&D, the company will be hard to keep down, as it explores new verticals and continues going after its part of the booming e-commerce market. Indeed, 2022 probably won't hold the same tailwinds as 2020 for the e-commerce space. But it could, especially if a new COVID variant of concern brings forth more lockdowns.

In any case, SHOP stock is a great long-term holding, and whenever you can get it at a 15-20% dip, you should look to do so.

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Date

2025/07/26
Date Created
2021/10/26
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