



1 Canadian Stock to Buy After Avis Stock Soars 213% Overnight

Description

American rental-car service **Avis Budget Group** ([NASDAQ:CAR](#)) shot up on Wednesday, Nov. 3, after the company nearly doubled net revenue. However, it's now catching the interest of meme stock traders, so I'd recommend this other Canadian stock to buy [instead](#).

What happened?

Car rental services shot up during the quarter, reaching almost \$3 billion, with a larger-than-expected share buyback announced as well. Shares soared 1213% to a peak of US\$535, before starting to fall as investors took returns.

However, it wasn't just the revenue that drove Avis stock higher. It was their commitment to electric vehicles through the United States. This announcement came as other car-rental companies also committed to adding electric vehicles into the mix and saw a jump in share price as a result.

The problem is that magic phrase *electric vehicle* attracts the attention of meme traders. In fact, Deutsche Bank analyst Chris Woronka wrote that those holding the stock before the climb should probably take returns. Hence the potential for a massive selloff in the near future. In fact, shares fell from that US\$535 point almost immediately, down 44% from there as of writing.

So what?

This selloff makes Avis stock very unstable right now, as analysts warn. While the news is great, sure, it doesn't do anything to guarantee future revenue. It simply attracts the day trader swarms that love to pick on once-great stocks.

Analysts believe Avis stock is now overvalued and then some. While changes have to be made, the one-year price-point should be around US\$134. That's less than *half* of its share price right now.

Instead, I would recommend a Canadian stock to buy with a lot more stability.

Now what?

If you like the buzzwords surrounding Avis stock, there are electric vehicle companies in Canada I would consider instead. One Canadian stock to buy right now would be **Magna International** ([TSX:MG](#)) ([NYSE:MGA](#)). Magna stock also went through a bit of a craze but has since fallen back. Yet it provides stable, strong income for those seeking electric vehicle growth.

Magna stock recently reported earnings that were less than favourable, but that's due to short-term issues resulting from supply chains. Long term, it's a promising company moving into the future. Its partnership with **LG Electronics** to provide electric components to both internal combustion engine and electric vehicles is proof of that.

And in this case, this Canadian stock to buy is a steal. Magna stock trades at \$103 as of writing, with a potential upside of 29% for the next year. It offers a valuable EV/EBITDA of 7.32, and P/E of 11.25! Furthermore, you get a 2.11% [dividend](#) yield — something Avis stock doesn't even [offer](#).

CATEGORY

1. Investing

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3. TSX:MG (Magna International Inc.)

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