



Why Canada Goose Has Surged 30% in November

Description

Canada Goose ([TSX:GOOS](#))([NYSE:GOOS](#)) is a Toronto-based designer, manufacturer, and seller of performance luxury apparel. Back in February 2021, I'd [discussed](#) why this stock was worth falling in love with. Shares of Canada Goose have [climbed 68%](#) in 2021 as of close on November 9. The stock has climbed 32% since the start of November. Today, I want to discuss why the stock has gained major momentum in the second-last month of 2021.

The company has managed to sidestep supply chain issues due to its domestic roots

Last week, Canada Goose continued to hold up made-in-Canada bona fides as a direct appeal to consumers and investors. Many clothing retailers have suffered from the ongoing supply chain issues that now threaten to cast a cloud over the upcoming holiday season. Fortunately, Canada Goose's made-in-Canada approach is set to shield the company against this crisis.

The company is now well positioned to take advantage of the upcoming holiday shopping season. Moreover, Canada Goose has unveiled a new footwear line in November.

Canada Goose posted strong earnings this month

Canada Goose released its second-quarter fiscal 2022 results on November 5. Total revenue rose 40% from the prior year to \$232 million. Meanwhile, it delivered global e-commerce revenue growth of 33%, as it posted strong sales in all major existing markets. Better yet, direct-to-consumer (DTC) revenue grew 85% in Mainland China.

Its push into China has gone very well, especially considering the political noise that appeared to spook investors in late 2018. Fortunately, shipping to China and Europe from North America has not been plagued by the same issues that have stirred issues for supply coming into the continent. China is set to host the Winter Olympics in February 2022. Canada Goose aims to have its products front and

centre and is well positioned in one of its best-performing markets.

Gross profit increased to \$165 million for the first two quarters of fiscal 2022 — up from \$99 million in the prior year. In the second quarter, adjusted EBIT rose to \$16.1 million over \$15.7 million in Q2 FY2021.

Why Canada Goose stock can still head higher

Back in April, I'd [compared](#) Canada Goose and **Roots** as investments for the rest of the year. At the time, I'd suggested that Canada Goose was unquestionably the better pick especially considering the strength it had demonstrated in the gigantic Chinese market. Interestingly, Roots has still put together a solid performance in 2021. The stock is up 40% in the year-to-date period. However, it has slipped over the past half year.

The factors that have bolstered Canada Goose in its recent quarters have the potential to power it further for the rest of this fiscal year and beyond. Its home-grown strategy has shielded it from damaging supply chain issues. This should allow the top clothing retailers to meet expectations this holiday season. Canada Goose is a stock that still has room to run.

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