



Black Friday Stocks: 2 Top Canadian Retailers to Buy Now

Description

The upcoming holiday season is going to be very special for many businesses that faced big troubles during the global pandemic phase. Most retailers have been preparing for this holiday season for months in advance to avoid any supply-related issues. While their sales have already started soaring amid improving demand, attractive Black Friday deals will give another push to their sales growth. In this article, I'll highlight two of the best [Canadian retail stocks](#) that I find as attractive right now as any great Black Friday deal out there.

Aritzia stock

Aritzia ([TSX:ATZ](#)) is my first pick on the list of top Canadian retail stocks to buy this Black Friday. Its stock has been on my radar for the last couple of years. If you don't know much about it already, it's a Vancouver-based apparel designer and retailer with a market cap of about \$4.7 billion. ATZ stock is currently trading at \$52.90 per share with solid 105% year-to-date gains.

The ongoing growth trend in Aritzia's financials looks really impressive. This is one of the reasons why its stock rose sharply after [releasing](#) its Q2 results in October. In the recent quarters, its home market boutique sales have recovered much faster than expected and are trending above pre-pandemic levels. During the COVID phase, Aritzia focused on significantly improving its e-commerce platform, which continues to drive its overall sales higher, even after the pandemic period.

Aritzia has lately accelerated its expansion plans for the United States. The company expects this international expansion to be a leading growth driver in the long term. In the August quarter, its total revenue increased by 75% YoY (year over year) to \$350 million. Notably, it was the sixth consecutive quarter when its sales exceeded analysts' expectations. This stellar revenue growth also helped Aritzia beat analysts' consensus earnings estimate by 84% in Q2. While Aritzia stock has already risen sharply in 2021, its consistent financial growth could help it continue soaring in the coming years.

Dollarama stock

Dollarama ([TSX:DOL](#)) is my second Black Friday stock pick in 2021. It's a popular Canadian discount stores firm headquartered in Mont Royal. Unlike Aritzia, DOL stock hasn't seen much appreciation this year, as it's currently trading with only 12% year-to-date advances at \$58.09 per share.

In the second quarter of its fiscal year 2022, the retail store company reported a 5.1% YoY drop in its comparable-store sales due to the COVID-19-related restrictions on the sales of non-essential products. That's one of the reasons why its stock has underperformed the broader market in 2021 so far. Despite facing pandemic headwinds, however, Dollarama's overall profitability continues to remain strong. In the July quarter, the company reported an adjusted net profit margin of 14.2%, reflecting YoY and sequential expansion.

While some pandemic-related restrictions have badly affected Dollarama's business growth in the last few quarters, I expect its sales to recover fast in the near term amid subsiding restrictions and an expected surge in demand during the holiday season. That's one of the reasons why DOL stock could post a sharp recovery in the coming quarters.

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