



1 Plunging Canadian Growth Stock to Watch

Description

Growth stocks have been kept turbulent this year, with many high-multiple names leading the downward charge, all while broader markets held up relatively flat, without so much as a 10% correction. Heading into 2022, we could see more of the same, as central banks begin to take bigger steps (most notably interest rate hikes) to bring inflation back towards their target range. Indeed, the Bank of Canada (BoC) seems ready to raise rates ahead of the U.S. Federal Reserve.

Strength in commodity prices and the **TSX Index** are major reasons that Canada could be propelled into a higher-rate environment sooner than the states. Higher rates don't bode well for high-multiple growth stocks. Still, even after a handful of 0.25% rate hikes, rates are still very low, meaning it may not be curtains for some of Canada's top growth stocks, even though their stock price trajectories suggest such.

Canadian growth stocks worth watching

Consider **Goodfood Market** ([TSX:FOOD](#)), one previously hot Canadian growth stock that recently fell further into a tailspin.

Undoubtedly, Goodfood has had to come to terms with significant idiosyncratic issues in addition to the waning of higher-growth securities in general. FOOD stock is currently in a brutal bear market and is not for the faint of heart.

Catching a falling knife can be dangerous for those seeking to make a quick buck. If you're looking to scale into a larger position over the long run, though, Goodfood shares are worth putting atop your watchlist as they continue exhibiting tremendous weakness heading into year's end.

Goodfood Market

Goodfood Market got pummelled following the release of its underwhelming quarterly report. On Wednesday, shares crashed by around 26%, adding to some excruciating losses endured for many

months. Indeed, reopening headwinds were expected, but not to the extent that was revealed in the painful fourth quarter of very steep losses. Net sales also plunged by 5%.

Indeed, Goodfood's move into the green was short-lived. And as reopening [pressures](#) continue to weigh on the Canadian meal-kit delivery giant, there's no telling how much further shares have to fall, as the gains posted in 2020 look to go up in smoke. Just because shares have shed over 60% of their value from peak to trough does not mean the name is anywhere close to reaching a bottom. With shares at \$5 and change, though, the stock looks to possess a compelling risk/reward, even as meal-kit demand continues to wane on the back of the tremendous economic reopening.

Moreover, one must not discount the potential for a genuinely insidious variant to cause lockdowns at some point over the near future. We're still in a pandemic, even though it seems like a move into endemic territory seems close. While seemingly unlikely, a return to lockdowns over a variant more virulent than Delta is possible. And such a disastrous scenario could cause Goodfood stock to bounce back very sharply again.

Even if reopening [headwinds](#) persist, I think there's way too much negativity baked in FOOD stock, which is now severely oversold. We've witnessed a mass rush out of the lockdown stocks.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

PP NOTIFY USER

1. arosenberg
2. joefrenette

Category

1. Investing

Date

2025/08/21

Date Created

2021/11/18

Author

joefrenette

default watermark

default watermark