



2 Plunging TSX Stocks I'd Buy on the Way Down

Description

The TSX Index may be steadily marching higher again after a turbulent start to autumn 2021, but that doesn't mean all names have participated in the sudden relief rally. Indeed, going into year-end, many unforeseen risks, most notably a COVID resurgence, could cause a vicious growth-to-value [rotation](#) similar to the one endured through most of the first half. With high inflation and interest rates likely to rise over the coming quarters in Canada, insisting on top TSX value stocks may be the most prudent strategy, especially for those looking to allocate more of their cash position into equities.

Nobody knows how long +4% inflation will last or if another COVID wave will bring rate hikes off the table again over lockdown fears, and its impact on global supply chains as well as economic growth. In any case, investors should demand a larger margin of safety so that their portfolios can better ride out what could be a more challenging 2022, better putting themselves in a spot to make money, even if broader markets sag.

In this piece, we'll have a closer look at two TSX stocks that may be worth checking out after their recent dips. Prudent investors should look to dollar-cost average (DCA) into a full position, incrementally buying on the way down to lower their cost basis, rather than attempting to grab a falling knife all in one go.

Badger Infrastructure Solutions

Badger Infrastructure Solutions ([TSX:BDGI](#)) is a soil excavator that provides mobile, non-destructive services to its customers, many of whom are within the Albertan oil and gas (O&G) sector. Indeed, Badger offers a messy, albeit far safer solution than physical digging with heavy-duty bulldozers. Breaking gas pipelines and all the sort could have devastating consequences. And that's why Badger may be on the right side of a secular trend in the infrastructure space. Non-destructive excavation is an intriguing niche that could pick up traction, as the economy attempts to reopen.

The stock has been in a bit of tailspin this year, now down around 30% off its peak levels. With a 2% dividend yield, Badger is a great contrarian play to bounce back in the post-COVID environment. With margin issues likely to resolve themselves over coming quarters, Badger appears to offer a solid

risk/reward scenario for value investors who don't want to be at risk of feeling a brunt should the markets become more fragile in the new year.

In short, the \$1.1 billion company has the potential to be a wonderful one. And right now, shares appear too cheap to ignore after recent quarterly fumbles.

Lightspeed Commerce

Lightspeed Commerce (TSX:LPSD)([NYSE:LSPD](#)) suffered a [painful](#) fall from grace, thanks in part to short-seller allegations. The stock crumbled nearly 8% on Friday, accelerating losses that now exceed 50%. Buying the dip in the e-commerce play would have resulted in quick losses thus far. That's why investors keen on the fast-falling growth stock ought to implement a DCA approach with the name in particular.

It's tough to tell what's to happen as a result of short-seller allegations. Undoubtedly, if they hold true, shares could have further downside. On the flip side, if they're proven baseless or greatly exaggerated, there's no telling how much upside a stock could have over the near term. This isn't the first time a Canadian tech stock fell under the target of a short-seller, and it won't be the last. Many short-targeted Canadian stocks have moved on, but a handful crumbled under the pressure. Regardless, LSPD is a risky play only suitable for venturesome investors who understand the stakes.

CATEGORY

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Date

2025/07/26

Date Created

2021/11/23

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