Top 3 Opportunities in This Market Correction

Description

We're in the middle of a market correction. High-flying growth stocks and tech companies have lost billions of dollars in market capitalization this year. There are some signs that this trend could continue. That's excellent news for bargain hunters who are looking for undervalued, long-term opportunities.

Here are the top three beaten-down opportunities worth your attention in this bear market.

Market correction opportunity #1

Nuvei (TSX:NVEI) (NASDAQ:NVEI) has hit a vicious speed bump in its growth journey. Nuvei stock is down 25% in November and a whopping 36% from its all-time high earlier this year. Investors seem to have simply lost their appetite for high-growth payment processors, since the entire industry is in a downtrend at the moment.

Admittedly, Nuvei's valuation was a bit stretched earlier in this cycle. The stock was trading at a price-to-earnings (P/E) ratio of 150. That's now down to 116. For most companies, a triple-digit P/E ratio could be considered overvalued. However, Nuvei registered 96% year-over-year revenue growth in its most recent quarter. That means the P/E-growth, or PEG, ratio is roughly 1.2.

In short, Nuvei is fairly valued at the moment.

Market correction opportunity #2

Remember the telehealth star that delivered a 300% return last year? Well, it's now down 42% from an all-time high and is starting to look like a bargain. **WELL Health Technologies** (TSX:WELL) is currently trading at $5.24 — the same level as in August 2020.

However, the company's fundamentals and market position have improved dramatically. Last year's acquisitions have made WELL Health the biggest operator of private clinics in Canada and a serious contender in America's telehealth space. This year, the company is on track to generate $400 million in recurring revenue.

Meanwhile, WELL Health's market cap has dropped to $1.08 billion. That implies a price-to-recurring revenue ratio of 2.7! It's unbelievably underpriced. That's why I'm adding more to my position over the next few months. I encourage you to take a closer look, too.

Market correction opportunity #3

Lithium Americas (TSX:LAC)(NYSE:LAC) is the last pick on this list. Lithium, as you well know, is a critical component of most mainstream batteries. That means everything from your laptop to your electric car uses a considerable amount of lithium to power itself. Unsurprisingly, demand for this commodity is as high as ever.

However, the downturn in tech stocks and the global economy these past few months has impacted LAC, too. The stock has lost roughly 20% of its value over the past week alone. That puts it firmly in "bear market" territory.

Over the long term, lithium producers face a severe demand-supply imbalance. Consumers will need electronics and EVs at a faster pace than manufacturers can deliver them. That makes LAC a unique opportunity for the next decade. Add this to your growth watchlist for 2022.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. NYSE:LAC (Lithium Americas Corp.)
3. TSX:LAC (Lithium Americas Corp.)
4. TSX:NVEI (Nuvei Corporation)
5. TSX:WELL (WELL Health Technologies Corp.)

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Date
2025/08/14
Date Created
2021/12/07
Author
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