Forget Nuvei: Buy This Oversold TSX Stock Instead

Description

Nuvei (TSX:NVEI)(NASDAQ:NVEI) recently got hammered by a short seller report that sent shares collapsing 55%. Now, investors wonder whether it's a strong opportunity to get in on a low share price. But before you do, there is likely more downside and risk.

Short seller, true or false?

The short seller report by Spruce Point Capital Management had a number of accusations. This included that organic growth wasn't as strong as the company told investors. Further, that its CEO falsified his credentials and career history, along with other shady business.

Investors don't know what to think, but analysts so far had this to say: who cares? None of these accusations at Nuvei have been proven, but there wasn't anything to substantially sway their target price for the company.

That being said, the market isn't controlled by rationale. It's controlled by people. And people get scared. That's what led to the share price drop, and that's what could lead to Nuvei shrinking even further. So it remains a volatile stock.

Meanwhile…

If you're looking for a deal, **Canada Goose** (TSX:GOOS)(NYSE:GOOS) is primed for a turnaround. The company's share price fell drastically when the omicron variant came on the scene. Canada Goose saw its earnings climb higher and higher as a new shoe line and its China locations opened up yet again.

Further, Black Friday and the holiday season led investors to believe perhaps there would be an incredible earnings report in the new year. However, the omicron variant put a halt to those beliefs.

The last quarter Canada Goose was on the path to recovery, reporting a 20% jump in revenue year over year, with adjusted earnings per share beating estimates at $0.12. The company even raised its full-year guidance, affirming global supply chain issues wouldn't affect its operations.

Shares were up 68% before falling from the omicron variant. Canada Goose is now down 25% from those highs. Yet it has yet to change any of its full-year sales, which it believes could be as much as $1.18 billion.

Totally oversold

Canada Goose is a steal compared to the risky situation of Nuvei. It's now in oversold territory, with a relative strength index (RSI) of 36 as of writing. And the recent issue comes down to its return policy in China, something that hasn't been an issue for its overall sales.

So when the next earnings report comes in, investors are likely to see more growth. This could send shares booming back to 52-week highs. And as its e-commerce arm continues to grow, this provides even more of an opportunity for global growth in the company.

Meanwhile, Nuvei may stick by its full-year guidance, but that could shift if clients believe the company is too risky. So again, there is far less risk and far more rewards if you go with Canada Goose over Nuvei today.

Shares of Canada Goose are up 26% year to date, while Nuvei is up 12% year to date. On both sides, analysts believe the stocks to be below fair value.

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3. TSX:GOOS (Canada Goose)
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