



BUY ALERT: Why Canada Goose Stock Is Dirt Cheap Today

Description

Canada Goose ([TSX:GOOS](#))([NYSE:GOOS](#)) is a premier brand that designs, manufactures, and sells luxury winter clothing apparel. Its shares were down 4% in late-morning trading on December 20. Canada Goose stock has plunged 28% month over month.

I'm looking to scoop up Canada Goose stock in the face of its [recent dip](#). Today, I want to explain why the top winter clothing brand is on my radar ahead of the holidays. Let's jump in.

The China controversy will not derail the company's promising regional strides

Tensions between Canada and China managed to knock this top stock off from all-time highs back in late 2018. At the time, investors [feared](#) that Canada's arrest of **Huawei** executive Meng Wanzhou would jeopardize the company's push into the Chinese mainland. However, its store opening in Beijing proved to be a very solid success.

Earlier this month, Canada Goose came under fire due to a dispute over its return policies in China. A city consumer watchdog accused the company of "bullying" its customers. This come several months after the company was fined for false advertising. Chinese regulators have launched a campaign to aggressively protect consumer rights.

This slip up by Canada Goose should not discourage investors. Its direct-to-consumer revenue in Mainland China increased 85.9% in the year-over-year period.

Why Canada Goose looks strong this holiday season

I'd [suggested](#) that Canadians should look to snatch up this stock earlier in December. Canadians were projected to spend big over the holiday shopping season in 2021. Canada Goose has consistently been a favourite target ahead of the winter.

The company unveiled its second-quarter fiscal 2022 earnings on November 5. Total revenue rose to \$232 million compared to \$194 million in the prior year. Meanwhile, gross profit jumped to \$135 million on a gross margin of 58% — up from \$94.2 million, or 48.4% in Q2 FY2021.

Its strong quarter spurred Canada Goose to increase the fiscal 2022 outlook. However, this was based on some key assumptions that may already be compromised. It anticipated no material changes in economic conditions or operation disruptions due to COVID-19. Fortunately, the company has maintained a very strong e-commerce platform, which has enabled it to compete in a very tough environment.

Here's why Canada Goose is a strong buy right now

Canada Goose still possesses high growth potential for the long term. Luxury apparel has managed to evade the worst of the so-called retail apocalypse over the past decade. Companies that have established strong digital commerce channels have been further strengthened in this tough environment.

The company's earnings are forecast to deliver very solid growth in the years ahead. Shares of this stock last had an RSI of 32. That puts Canada Goose just outside of technically oversold territory at the time of this writing. I'm looking to snatch up this exciting luxury apparel brand, as the holiday season gets underway.

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