



## 2 Canadian Stocks to Buy if the Market Keeps Dropping

### Description

Canadian investors have not had much of a reason to complain in 2021. The **S&P/TSX Composite Index** is nearing a 20% gain year to date. Certain sectors have not performed nearly as well and volatility has been high at times, but it's been an incredibly strong year as a whole for the Canadian stock market.

The new COVID variant has been a key reason why the market has been selling off as of late. The previously mentioned index is trading close to 5% below where it was in early November. Even with the impressive growth this year, that's a meaningful [pullback](#) worth keeping an eye on.

The benefit of having a long-term time horizon is not needing to worry about short-term pullbacks in the market. Instead, long-term Foolish investors can approach bearish markets with opportunistic enthusiasm.

With that in mind, I've reviewed two Canadian stocks to keep an eye on right now. If the market keeps sliding, you'd be wise to consider starting a position in at least one of these top companies.

### Canadian stock #1: Descartes Systems

Of these two Canadian stocks, **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) is the more expensive from a valuation perspective. A primary reason is that investors are banking on a lot of [growth](#) from the company in the coming years.

Shares of Descartes Systems are up a market-crushing 250% over the past five years. In comparison, the broader Canadian market is up less than 40%. That explains why the [tech stock](#) is trading at a frothy forward price-to-earnings ratio above 50 today.

Descartes Systems has been enjoying a strong year due to an increase in demand for its products and services. The company provides logistical support for supply chain operations. The goal is to improve efficiencies throughout the entire supply chain process for its customers.

With all the supply chain issues happening across the globe right now, I completely understand why investors are valuing Descartes Systems at a premium. You could certainly argue that the tech stock is in a strong position to outperform the already impressive 250% growth over the past five years in the coming five.

Down 10% from all-time highs, this tech stock should already be on your watch list.

## Canadian stock #2: Constellation Software

**Constellation Software** ([TSX:CSU](#)) is another tech stock with an impressive market-beating track record. Growth has slowed in recent years, but I'd argue that the company is in little danger of beginning to lag behind the market's returns anytime soon.

The company has quietly spent the past 15 years in pursuit of becoming one the largest Canadian tech stocks. At a market cap nearing \$50 billion, Constellation Software is a much larger and more mature company than Descartes Systems. Still, shares are up over 200% over the past five years.

The tech stock has not provided investors with many significant pullbacks to take advantage of as of late. Shares today are up a market-beating 35% and trading at just about at all-time highs.

Constellation Software may not be the most-talked-about tech stock on the TSX, but that's no reason to not have it on your watch list. The tech company has been amongst the most reliable market-beating Canadian stocks since it went public in 2006, and I don't see that changing anytime soon.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)

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**Date**

2025/08/21

**Date Created**

2021/12/21

**Author**

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