



## Down Over 10% in December: Should You Buy These 3 Canadian Stocks?

### Description

With the fear of Omicron intensifying, global equity markets continue to be under pressure, including the Canadian equity markets. The benchmark index, the **S&P/TSX Composite Index**, is trading over 0.5% lower for this month. Meanwhile, the following three Canadian stocks have underperformed the broader equity markets, losing over 10% of their stock value this month. So, let's assess whether buying opportunities exist in any of these stocks.

### Lightspeed Commerce

To combat inflation, which is at a 40-year high, the Federal Reserve of the United States of America has announced aggressive interest rate hikes for next year. With the expectation of a steep increase in interest rates, the growth stocks are under pressure this month, including **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)), which has lost over 22% of its stock value. Meanwhile, the pullback offers [an excellent buying opportunity](#), given its healthy growth prospects.

The increased adoption of online shopping has created a long-term growth potential for Lightspeed Commerce. The company also focuses on introducing innovative products, geographical expansion, and strategic acquisitions to drive growth. Its growing customer base and increasing average revenue per customer could also support its financial growth in the coming quarters. So, I expect the steep correction would be an excellent buying opportunity for long-term investors.

Meanwhile, analysts are bullish on Lightspeed Commerce, with 15 of the 19 analysts issuing a “buy” rating. Their consensus price target represents an upside potential of over 150%.

### WELL Health Technologies

With high-growth tech stocks under pressure, **WELL Health Technologies** ([TSX:WELL](#)) has lost over 16% of its stock value this month. Overall, the company trades around 50% lower from its recent highs. However, the company's outlook looks healthy amid the rising demand for telehealth services. As of the November-ending quarter, the company's [virtual services businesses](#) had reached a revenue run-

rate of US\$110 million, with over 50% adjusted gross margins and positive adjusted EBITDA.

Apart from organic growth, WELL Health also focuses on strategic acquisitions to drive growth. Earlier this month, it acquired CognisantMD, which owns and operates a digital patient engagement platform called Ocean. Currently, CognisantMD generates about US\$4 million in revenue, with organic growth of over 50% and positive adjusted EBITDA. So, the acquisition could be accretive to the company's financials.

Meanwhile, analysts are also optimistic about WELL Health, with five of the six analysts issuing a "buy" rating. Their consensus price target offers a return potential of over 140%.

## Canopy Growth

My final pick is **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), which touched a new 52-week low yesterday amid **Piper Sandler's** downgrade. With the company witnessing weak sales, Michael Lavery, Piper Sandler's analyst, downgraded the stock from "neutral" to "underweight." It also slashed its price target by over 36%. Meanwhile, most analysts have issued a "neutral" rating, with their consensus price target representing an upside potential of over 60%.

Amid lower sales and decline in gross margins, Canopy Growth's adjusted EBITDA losses had increased by \$77 million to \$163 million in the September-ending quarter. Meanwhile, the company recently signed an agreement to sell its German subsidiary business, C<sup>3</sup> Cannabinoid Compound Company GmbH, which could reduce its short-term capital requirement by \$50 million. The company has also taken several initiatives to deliver around \$150-\$200 million of savings by the end of next fiscal quarter. It also focuses on expanding its premium product offering to improve its margins.

Despite these measures, I believe Canopy Growth to remain volatile in the near term due to the weakness in the cannabis stocks. However, long-term investors can utilize the sharp correction to accumulate the stock to earn superior returns.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:WEED (Canopy Growth)
5. TSX:WELL (WELL Health Technologies Corp.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Smart News
8. Yahoo CA

#### **PP NOTIFY USER**

1. kduncombe
2. rnanjapla

#### **Category**

1. Investing

#### **Date**

2025/08/25

#### **Date Created**

2021/12/21

#### **Author**

rnanjapla

default watermark

default watermark