



2 Top Growth Stocks for 2022

Description

Growth stocks took a beating in 2022. The **Ark Innovation ETF**, which invests in growth stocks in the tech sector, fell 24% for the year, and the NASDAQ-100 underperformed the S&P 500. While 2021 was a great year for stocks as a whole, there's a certain subset of growth names that took a real beating as it unfolded. Work-from-home stocks, fitness stocks, and SaaS stocks all saw sharp selloffs, with those perceived to have been pandemic "fads" falling the most.

Today, some investors are starting to wonder whether growth will take another beating in 2022. Some growth stocks got very expensive last year and are, today, still more expensive than the average stock. It remains to be seen whether they'll continue falling, but they easily could. There are, however, some growth stocks that look like relatively safe bets today. The following are two of the best ones heading into 2022.

Micron Technology

Micron Technology ([NASDAQ:MU](#)) is a memory company that supplies DRAM and NAND flash. DRAM is the memory that allows your computer and smartphone to multi-task; NAND flash is the kind of storage used in SSDs.

Micron Technology just recently put two great quarters behind it. In its most recent quarter, revenue grew 33% and earnings grew an astounding 177%. As a supplier to the world's biggest smartphone companies, data centres, and cloud companies, Micron benefitted from growth in the tech sector as a whole. Amazingly, though, its stock is still comparatively cheap. MU trades at just 12.7 times adjusted earnings and around 15 times GAAP earnings. This is one of the best combinations of growth and value you'll find anywhere.

Of course, there's a reason why Micron isn't as richly valued as the average tech stock. RAM is a commodity, subject to violent booms and busts. Its price could easily fall, hitting Micron in the pocketbook. But today, MU is investing heavily in new, differentiated memory products, such as 176 layer NAND and 5G DRAM. A great company whose stock could rise if RAM prices don't flop.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is another solid growth stock that looks strong heading into 2022. 2020 was Shopify's best year since going public, with 86% revenue growth, and positive GAAP earnings. 2021 was also strong, but revenue decelerated compared to the 2020 growth rate. [SHOP benefitted from the COVID-19 pandemic](#), because the retail closures resulted in more people buying from Shopify stores. In 2021, that phenomenon began to cool off. Shopify's growth was still pretty good (46% in the most recent quarter), but it was nothing compared to the 2020 growth.

In 2022, that could all change. We've got another huge wave of COVID in the picture that is leading to lockdowns and retail closures. It certainly looks like people are going to [flock to online shopping](#) again, and if they do, SHOP will reap part of the proceeds.

CATEGORY

1. Investing

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1. NASDAQ:MU (Micron Technology, Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:SHOP (Shopify Inc.)

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