Air Canada Stock: Should You Buy it With Your 2022 TFSA Contribution Limit?

Description

Air Canada (TSX:AC) stock remains a hot topic, as Omicron cases increase. The rising cases are probably pressuring the stock in the last week. In any case, the airline stock is losing momentum and altitude. I wouldn't bet against Air Canada, though. It was an airline with one of the best balance sheets going into the pandemic.

Although it continues to navigate through a super-challenging operating environment, and it took on excessive debt as a result, Air Canada could receive assistance from the government, as it has in the past, if it needs it. However, it would be a risky move to consider the stock for your TFSA contribution limit of 2022. We don't know how long the pandemic will continue to be a drag on COVID-affected stocks. Moreover, its debt levels are staggering no matter how one looks at it.

Therefore, if you're interested in AC stock, consider taking a small position in your taxable account. Leave your 2022 TFSA contribution limit of $6,000 for stocks that provide greater growth. If you like capital gains, you should consider these growth stocks.

Lightspeed stock

It's an understatement to say **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD) is under pressure. It has declined almost 70% from its 52-week and all-time high, leading analysts to believe that it could double investors' money over the next 12 months from the current levels. Specifically, from about $51 per share, 14 analysts have a consensus price target that suggests an appreciation of 141% in the near term.

Pandemic impacts should make Lightspeed's point-of-sale and e-commerce offerings more essential and relevant to brick-and-mortar businesses. In the last 12 months, its revenue more than doubled by rising 159% to US$389 million. At best, though, the results are mixed, because the company also reported a net loss of US$193 million.

As recent as September, the market accepted a high valuation based on LSPD stock's high revenue growth. If it can keep up with growing its revenue at a superb pace, maybe the market will wake up and push the growth stock higher.

Some analysts would say that Lightspeed is a speculative stock, because it hasn't posted profits yet. If so, you can consider **Shopify** (TSX:SHOP)(NYSE:SHOP) stock instead.

Shopify stock

Shopify stock has also corrected from its 52-week and all-time high but not nearly as much as LSPD stock. Specifically, the growth stock has fallen about 22% from its high. Analysts project SHOP stock can climb about 21% over the next 12 months from the current levels.

Shopify has established a solid position in the e-commerce marketplace. Its revenue growth has been above average — rising 71%, in the last 12 months to US$4.2 billion. Importantly, it has been profitable since 2017. In the trailing 12 months, it reported net income of US$3.4 billion, which was boosted significantly by unrealized gains on its equity investments. Its EBITDA was US$516 million.

Lightspeed and Shopify both have little debt weighing on their balance sheets, which should make it easier for them to take flight as they expand their businesses.

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