



Market Pullback: 2 Tech Stocks That Could Double Your Money

Description

Many high-multiple tech stocks have sold off. As Larry Berman explained this week on *BNN*, liquidity is coming out of the market, as interest rates are rising. That is, capital is leaving the higher-risk stock market into lower-risk asset classes like fixed-income investments as rates rise.

Inside the stock market, high-multiple tech stocks are considered higher risk. Some aren't even profitable. As rates rise, it's going to be costlier to grow no matter if these stocks are borrowing or pushing out more common stock to grow. It's much less appealing and not preferable for stocks that have crashed to issue new stock.

That said, here are two [tech stocks](#) that will likely continue growing for the long haul and could double your money.

Shopify stock

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has long been admired for its innovation and being a first mover in targeting small- and medium-sized businesses when building its commerce platform. It did extremely well during 2020 through the pandemic, as the shift to e-commerce accelerated. Brick-and-mortar businesses that adopted a hybrid model of also selling online through multiple channels on the Shopify platform were able to adapt smoothly when there were temporary economic shutdowns during the pandemic.

Throughout 2021, the tech stock defied gravity and grinded higher. Unfortunately, the growth stock broke below its 50-day simple moving average in the new year. And for now, technically, it hasn't confirmed a bottom yet. However, note that US\$1,000 is a psychological threshold for investors. Additionally, analysts think SHOP stock could appreciate about 104% over the next 12 months.

David Driscoll of Liberty International Management provided insights on the Shopify stock price crash in December 2021 on *BNN*:

“We just saw the stock drop 25% over two months. A *Bloomberg* article came out about **Amazon** versus Shopify. Amazon dropped the ball in the early days, which allowed Shopify to take over small- and medium-sized businesses and took advantage of it through COVID in March of 2020. Amazon decided it wanted to get back into the game. Shopify has a decision to make — do they want to provide last-mile service, which is what Amazon does with their trucks and warehouses? It’s going to be a battle. Given the stock is trading at 359 times earnings, you’re going to get a lot of volatility over the next few years until the dust settles.”

Nuvei stock

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) stock is another tech stock that crashed. Initially, the crash was triggered by a short-seller report from Spruce Point Capital Management. The slide accelerated with the general high-multiple [tech stock selloff](#).

The company provides payment technology solutions to connect merchants with customers in more than 200 markets around the world. It supports more than 500 local and alternative payment methods, about 150 currencies and 40 cryptocurrencies, allowing merchants to capture every payment opportunity that comes their way. Rising rates are expected to lead to lower spending across the board, which would slow down Nuvei’s near-term growth.

As Michael Hakes, the senior portfolio manager at the Murray Wealth Group, mentioned last month, Nuvei generates good free cash flow. The company’s trailing 12-month revenue, net income, and free cash flow are US\$627.4 million, US\$115.8 million, and US\$223 million, respectively. Analysts believe the growth stock could roughly double from current levels.

Technically, Nuvei stock looks a little better than SHOP stock. The former has bounced from a bottom, but it’s still not out of the woods yet. A double bottom would be a better confirmation for a potential reversal.

If you like the tech stocks, consider averaging in over time, as short-term volatility could provide even more attractive entry points.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:NVEI (Nuvei Corporation)
4. TSX:SHOP (Shopify Inc.)

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. kayng
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date

2025/08/26

Date Created

2022/01/23

Author

kayng

default watermark

default watermark