1 High-Growth Stock I’d Buy After the 2022 Market Correction

Description

A 2022 market correction should have come as no surprise to Canadian investors. It’s been a long time, and a correction is only a healthy for the bulls. Indeed, it’s tough to tell when this correction will end or if the bear will finally have a chance to emerge from his cave after around two years of hibernating.

With interest rates looming, all eyes will be on the economy and corporate earnings. Recent quarterly earnings have been a mixed bag, to say the least. We’ve had colossal misses and big, impressive beats. Undoubtedly, the stakes have been high this earnings season. And with volatility in the air, it’s likely to remain elevated for most of 2022.

Growth stocks take a hit to the chin: Are there bargains?

Growth has taken the biggest hit, and it’s where the largest opportunities may lie in this fragmented market. With rates poised to rise by around four times this year, there’s a good chance that the U.S. Federal Reserve, which is more influential to global stock markets than the Bank of Canada (BoC), could hesitate and surprise by doing nothing at one of its big meetings.

The BoC shocked the world, adding pressure to its currency, when it sat on its hands, when it should have raised the bar on rates to drag down inflation. I think the BoC, which was supposed to be more hawkish than the Fed, is going to take queues from the Fed moving forward. Indeed, BoC seems reluctant to lead at this juncture. In due time, though, rates will rise on both sides of the border.

Central banks falling behind the curve?

Though higher rates are bad for growth stocks, I think that a big chunk of the rate-induced damage has already been done. Further, the stock market may be anticipating as many as five rate hikes in 2022.

Indeed, Jamie Dimon and Bill Ackman, two of Wall Street’s brightest minds, believe that more rate hikes could be needed this year. I think both men have a good point. Given the dovish track record of the Fed and their comfort in being "behind the curve," there's a chance that we may be dealt fewer than four rate hikes this year.

Three or two could bode incredibly well for battered growth stocks. While we'll never know how many rate hikes we'll have until the year is over, I'd argue that growth is so oversold such that any modest dovish surprises like the one the BoC dealt in January could lead to a huge relief rally.

Docebo: A growth stock I'd buy amid the correction

On the flip side, rates could rise at a quicker rate and if the Fed signals at faster and more furious rate hikes in 2023, more pain could be in store for many beaten-down companies that could take a further beating. The stakes are high, but if you're young and in the game for the long run, consider looking at names in the rubble. **Docebo** (TSX:DCBO)(NASDAQ:DCBO) is one of my favourite high-growth stocks I'd give a second look after the recent tech market correction.

Docebo is a Learning Management System (LMS) software developer that leverages the power of AI to create a value-creating product in a time when hybrid work is picking up traction. Docebo isn't just a pandemic play. Though there's no denying the boost it got back in 2020, when it won over some big business from the likes of behemoths, including **Amazon** Web Services (AWS).

A digitization play at a discount?

As one of my favourite digitization plays, Docebo is a mid-cap ($2.3 billion market cap) tech firm that could have a world of growth ahead of it. I think it makes for an intriguing acquisition target amid the latest downturn in the stock. Shares are off 42% from their high, just shy of $120 per share. I'd argue that the selloff is overdone and that a relief rally could reward those who are patient with the name. Sure, it's not profitable yet, but if rate hikes don't surge as fast as investors expect, it's such names that could enjoy a nice bounce.

CATEGORY

1. Investing

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Date
2025/07/05
Date Created
2022/02/07
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