The Best TSX Stock to Buy During a Market Correction

Description

Despite the pandemic continuing to wreak havoc across the country, Canadian investors enjoyed a year full of gains last year. The **S&P/TSX Composite Index** ended 2021 up more than 20%, which was a strong improvement from the year prior. In 2022, the market may be flat year to date, but volatility is at record levels.

Many of the largest U.S. stocks reported earnings over the past two weeks, which has only sent volatility spiking even higher. Some of the largest U.S. stocks saw moves of 10% and higher following the release of its quarterly numbers.

For small-cap stocks, a 10% move in a single day is not all that rare. But to see trillion-dollar companies immediately spike more than 10% upon reporting quarterly results is a different story.

Short-term vs. long-term investing

I'd largely attribute the recent spikes in volatility to the uncertainty in the short-term future of the economy. In Canada, the pandemic still feels far from being behind us, and many investors worry that rising interest rates may negatively impact stock market gains.

If you're focused on short-term gains, then a global pandemic and rising interest rates are certainly risks to you. Long-term investors, however, have much less to be concerned about with the market's outlook in 2022. In fact, it's an excellent time to be a buyer if you're committed to holding for the long term.

I'll admit, it's far from easy to be a buyer when stocks are selling off — especially at the speed at which we've seen in recent weeks. One trick is to buy companies you truly believe will stand the test of time. That makes all the difference when buying a stock that seems to be sinking more and more each day.

I’ve reviewed a top **TSX** stock that I’d strongly recommend long-term investors have on their radar right now. The company may be trading at a significant discount today, but I don’t think it will be long before the stock is back to all-time highs.

A beaten-down tech stock that’s ready to rebound

The tech sector has been among the hardest-hit areas of the stock market this year. The tech-heavy **Nasdaq Composite** is down more than 10% year to date. In comparison, the **S&P 500** is only down about half of that.

Canada’s largest tech company, **Shopify** (TSX:SHOP)(NYSE:SHOP), is currently trading 50% below 52-week highs. Despite the steep selloff, though, shares are still up more than 1,000% over the past five years. The tech stock has been a perennial market beater ever since it went public in 2015, and I don’t see that changing anytime soon.

Shares may be trading at a 50% discount, but Shopify is still far from a cheap investment. The growth stock is currently valued at a lofty price-to-sales ratio above 20. It’s not a value stock by any means, but it’s far more reasonably priced compared to where it was at the beginning of the year.

With revenue growth still continuing to soar, and a rock-solid management team in place, Canadian investors won’t want to miss this buying opportunity.

The tech company is set to report its fourth-quarter 2021 results before the markets open on Wednesday, February 16, 2022.

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