



Why Aritzia Stock Climbed 11% on Wednesday

Description

Aritzia ([TSX:ATZ](#)) saw shares recover by 11% on Wednesday, as the stock market continued to make gains, with investors believing the worst is behind them.

What happened?

Aritzia stock rose by just shy of 11% on Wednesday, as many investors jumped on the opportunity to buy the oversold stock. Shares of Aritzia climbed to \$60.64 this year, but the new year brought shares of the expanding retail stock back down to earth — and then some.

Shares fell by 34% before climbing back upwards. The stock fell far enough to reach oversold territory this week, hitting a relative strength index (RSI) of 22. Even after the climb, it's still within [oversold](#) territory with an RSI of 32.

So what?

It's a great opportunity to jump on Aritzia stock, as it makes its way back to an upwards direction. Analysts continue to peg the retailer at a target price of \$65. That's a potential upside of 41% as of writing. And there is a lot that investors can be confident about when buying the stock.

Aritzia stock revealed its third-quarter results in January and had another banger of a quarter. Net revenue climbed 62% year over year to \$453 million. Furthermore, adjusted EBITDA more than doubled to \$109 million. This came from the company finally seeing major movement in the United States for its in-store sales, despite being in the country for years. That combined with a major increase in e-commerce [sales](#) during the pandemic proved beneficial to its bottom line.

Now what?

Despite the good news and estimate-beating earnings reports, Aritzia stock continues to trade in

oversold territory. In fact, it's beat earnings estimates the last four consecutive quarters, last reporting \$0.61 per share instead of the expected \$0.40.

Aritzia stock remains in a strong position, managing to get around supply chain disruptions and continue to see strong financial growth. Still, costs are rising, which could start to affect the company's growth. Even still, with growth in the high double digits, even geopolitical concerns shouldn't get in the way of further growth in the future.

Shares of Aritzia stock are up 9% as of writing and down 13% year to date as of writing.

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