



These 2 Stocks Climbed More Than 10% on Wednesday: Should You Buy Them?

Description

Over the past few months, many stocks across the market have steadily traded downwards. Now, investors can find many stocks trading at discounts of more than 20% from their all-time highs. During times like these, it's important that investors identify companies that are able to recover from these depressed valuations. One way to do that is by looking at stocks that are able to climb significant amounts, appearing to spark some sort of recovery. In this article, I'll discuss two stocks that had *intraday* gains of at least 10% on Wednesday.

Is this top e-commerce stock recovering?

On Wednesday, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock jumped as much as 14.7% before closing the day at a 13.6% gain. That's very promising for the massive e-commerce business, as investors look for any glimmer of hope when it comes to this stock. Despite those gains on Wednesday, Shopify stock continues to trade about 51% lower than where it was to start the year. With that in mind, should you buy this stock today?

I believe it would be a good time to buy Shopify stock. As I've mentioned in previous articles covering the company, I believe this selloff is an overreaction. The company has shown time and time again that it's capable of growing at a rapid pace. It's also profitable to the point where it has the capacity to reinvest earnings into the company in order to drive more growth. Shopify stock may trade downward on Thursday, as some investors seek to lock in some of yesterday's gains. However, this strong performance shows that there's still a lot of buying interest in Shopify.

Another e-commerce stock showed strength on Wednesday

Yesterday, **Aritzia** ([TSX:ATZ](#)) stock popped as much as 10.5% before ultimately closing the day at an 8.1% gain. Although Aritzia stock's gain was lower than that of Shopify's, Aritzia has also done a bit better than the larger e-commerce company since the start of the year. Year to date, Aritzia stock has lost only about 14% of its value. Finally, since hitting its intraday low on Tuesday, Aritzia stock has gained about 12%. This shows that investors have been showing a lot of interest in the company over

the past two trading days.

Consumers may [recognize Aritzia](#) from their local malls; however, as you can tell from the header, I believe Aritzia's growth will be driven by its e-commerce business. From fiscal year 2016 to 2020, Aritzia's [e-commerce revenue](#) grew at a CAGR of 36%. In 2020, its online sales also represented a mere 23% of its total revenue. Fast forward to 2021, and the company reported an 88% year-over-year growth in its online sales. Last year, e-commerce sales also represented 50% of Aritzia's total sales.

Despite having fallen about 14% this year, investors should look at the bigger picture. Aritzia stock has gained nearly 46% in the past year and investors are clearly still behind this company. Aritzia is hoping to benefit from the growing e-commerce industry, and investors could benefit from holding this stock over the long term.

CATEGORY

1. Investing

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2. TSX:ATZ (Aritzia Inc.)
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