



3 Canadian Stocks Analysts Think Can Gain at Least 50% Over the Next Year

Description

On Wednesday, higher-risk stocks staged a brief but significant recovery. However, for much of the year, these stocks have been under pressure, creating many opportunities for investors today. In fact, some Canadian stocks are so cheap, according to analyst target prices, they have the potential to grow by more than 50% over the next 12 months.

Because several higher-risk stocks are cheap, investors have choices of which stocks to gain exposure to. This means that we can ensure we are buying the very best stocks with the best long-term growth potential.

It's important to understand, though, how analysts reach their target price when analyzing a stock. To do so, they have to estimate two major factors. First, they have to estimate the sales, operating income, profit, etc., that the company may generate over the next year.

Then they have to estimate the valuation metric that the industry will have and that the stock deserves relative to its peers.

So with that in mind, if you're looking to take advantage of the recent volatility, here are three of the top Canadian stocks to consider today.

A top Canadian tech stock

As many investors have seen, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock is incredibly cheap these days. The stock's lost more than 60% of its value in the last six months, offering incredible value today.

In fact, its average target price from analysts is just over \$1,250 a share, a more than 75% premium to today's price. That would give the Canadian [tech stock](#) a price to 2023 estimated sales ratio of roughly 15 times, which is a fair valuation in my view.

Therefore, if you're looking for high-quality Canadian stocks trading undervalued, they don't get much better than Shopify.

A rapidly growing financial stock

goeasy ([TSX:GSY](#)) is another incredible Canadian growth stock that's sold off significantly in the recent volatility. Despite the fact that it's grown its revenue and net income impressively for years and has constantly been one of the top growth stocks in Canada, the fact that it now trades well off its 52-week high makes it very attractive.

In addition, at the current price, goeasy trades at a forward price to earnings ratio of just 10.7 times. That's cheap for any stock, but definitely for a growth stock with the long-term potential of goeasy.

Therefore, it's not surprising that the average analyst target price of \$215 is a nearly 70% premium to goeasy's current market price.

\$215 a share would give goeasy a much more reasonable forward [price-to-earnings ratio](#) of approximately 18 times, which is fair for a high-quality growth stock of goeasy's nature.

So if you're looking for a Canadian stock that you can buy undervalued today, goeasy is certainly one of the best to put on your watchlist.

One of the top Canadian value stocks to buy now

Last on the list is a Canadian value stock that's been cheap for some time, **Corus Entertainment** ([TSX:CJR.B](#)). Despite consistent and strong cash flow generation recently and an incredibly cheap valuation trading at just 5.9 times its forward earnings, Corus has traded range-bound for some time.

Because it's in the midst of a turnaround, albeit toward the end of it, I can understand how it's been caught up in the volatility as investors ditch higher-risk stocks.

But because Corus offers so much value, and because it's not that risky, I think it has the best short-term potential of the three. Not to mention now that it's paid down a tonne of debt, Corus can start to buy back shares.

So with the average target price from analysts sitting at \$7.86, that's a more than 50% premium to today's price. And that valuation may not even be that hard to achieve.

At \$7.86 a share, that price is definitely achievable. Even at that price, Corus would still be ultra-cheap trading at a price to 2023 estimated earnings of just 8.9 times.

So if you're looking for a top Canadian stock that's offering a tonne of value today, Corus is one of the best to consider.

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2. TSX:CJR.B (Corus Entertainment Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:SHOP (Shopify Inc.)

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