1 Buyable Growth Stock That Blasted Off Over 10% on Wednesday

Description

Growth stocks had a massive weight lifted off their shoulders on Wednesday in a sharp rotation back into the risk trade. Indeed, the more battered the stock, the most abrupt the rebound was. Certainly, this could signal a changing of the tides, now that the Fed interest rate hike is officially in the books. Could it be that more rate hikes were priced in and the Fed's commentary soothed?

That may very well be the case.

Regardless, I wouldn't chase the Wednesday rally, unless you're willing to put up with continued volatility. Sharp plunges could follow sharp rallies, punishing dip buyers who got just a bit ahead of themselves. Indeed, "sell the rip" seems to be a better plan than "buying the dip" this time around. In any case, I think young investors willing to hold for the next 10 or 20 years should look to the risk-on parts of this market.

Growth stocks plunge viciously: How to justify buying them

Unprofitable growth companies are out of style. Rates are rising, and that will hurt their value today. Nothing has changed about that. Higher rates are kryptonite for these expensive, sales growth companies lacking in profits or even plans to become more profitable over the medium term.

That said, you need to remember that markets are forward-looking, and it could be the case that the punishment has already been doled out in one swift meltdown. Yes, the S&P 500 is in a mere correction, but a vast majority of the speculative growth stocks have shed well over 60-70% of their value. That's a crash. Plain and simple. Whether or not it worsens from here is beside the point. A crash has happened, and it's doubtful that you'll catch the bottom, whether or not it's in the rear view at this juncture.

Regardless, young investors need to focus on the decade ahead rather than news that's already old. Rates are increasing, but the markets have known this for many quarters!

The real value in such battered growth stocks can be had if the Fed doesn't hike as much as is currently being priced in. Further, if economic growth isn't slated to fall off a cliff, corporate earnings can withstand the subtle jabs thrown their way by central banks. Remember, rate hikes don't necessarily mean the stock markets are doomed to underperformance. Though rate hikes are not ideal for certain types of companies, robust economic growth can more than offset the cooling effect of the Fed's tightening.

Indeed, the market has likely blocked and parried a few jabs when investors may have seen the markets taking a left hook straight to the chin.

Nuvei stock soared over 10% in a day: Time to buy?

In any case, **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) is one of the names I'd look to buy, with a 68% selloff now in the rear view. The Montreal-based payments player faced short-seller allegations, which undoubtedly exacerbated the selloff. Still, I think such concerns are overblown at this point. Nuvei looks to be a great company that could make a mark on Canada's rising tech industry over the next few years. The $11.5 billion company has plenty of doubters right now, but I think there's a lot to gain by giving management the benefit of the doubt. Nuvei has an intriguing product that ought to be considered one of the faster-growing fintechs out there on public markets.

Has Nuvei stock bottomed? Nobody knows. But if you're young and risk tolerant, NVEI seems like an intriguing bet here.

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