2 of the Best Growth Stocks to Consider Right Now

Description

Nobody had imagined growth stocks would see such a profound correction this year. Rising interest rates have been the chief factor that brought down overvalued stocks in the last couple of months. Notably, central banks have just begun to raise rates, but some top TSX growth stocks have shown a sharp recovery in the last few weeks.

So, will the recovery continue? Or is it prudent to just wait and watch? Let's see.

Shopify

Canadian tech bigwig **Shopify** (TSX:SHOP)(NYSE:SHOP) has seen its biggest ever correction this year since its IPO in 2015. The drop has wiped off a massive $170 billion market cap in just six-odd months. Who would have imagined Canada's biggest wealth creator would also be responsible for such value erosion?

However, I am optimistic about SHOP stock, particularly at these levels. Even if it may not see the pandemic-era growth, it could still grow above average in the next few years. Its expanding market share indicates the same. By the end of 2021, Shopify had a 10.3% share in the U.S. retail e-commerce, following **Amazon**'s 41% share. Shopify's market share was 8.6% in 2020.

Importantly, SHOP stock has traded at towering valuations well before the pandemic. The current pullback has brought it around 30 times its earnings, which looks reasonable against its historical average.

Although growth stocks underperform in a rising-rate environment, I think SHOP has suffered enough. Some valuation measures still imply that the stock is overvalued. However, its above-average financial growth, superior margins, and a large addressable market justify its premium valuation.

Nuvei

Like Shopify, Canadian fintech stock **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) has witnessed a huge pullback recently. However, in Nuvei's case, the drop was mainly the result of a short report by Spruce Point Capital. NVEI is currently trading at $92, which is still 50% lower than its all-time high of $180 last September.

Nuvei's superior financial growth and a large addressable market are some of its key positives. It also has a competitive advantage over peers with its expertise in domains like sports wagering. It provides payment-processing platforms to e-commerce, travel, cryptocurrency and regulated sports betting companies.

NVEI stock fell from $180 last year to $55 this month and is currently trading at $92. Despite its discount from its record levels, the stock is still trading above 90 times its earnings and looks stretched.

While the management is confident about its earnings growth this year and beyond, the stock could trade volatile on valuation concerns. Moreover, the stock could trade weak if central banks go aggressive and raise rates faster than expected.

NVEI stock could be an attractive bet for aggressive investors. Its bottoming out in the last few weeks implies key support levels around $60 levels. Conservative investors could consider accumulating gradually.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:NVEI (Nuvei Corporation)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. vinitkularni20

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date
2025/08/25
Date Created
2022/03/25
Author
vinitkularni20