



1 Top TSX Stock Beginners Should Buy Right Now

Description

The TSX witnessed its worst week in 2022. The TSX Composite Index has fallen 5.7% in the last five trading days, with every sector seeing a plunge except energy. The technology sector was the biggest loser, with **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock down 29% to \$541. At this point, the stock is just 8-10% above its pandemic low and is available at a bargain price of 13 times its sales per share. This is a [growth stock](#) that has plunged for no stock-specific reason. Then why is it falling? Should you buy this stock at the current price?

At the Motley Fool, we always encourage investors to look past the market noise and focus on a company's fundamentals. The current market reminds me of a famous quote by [Warren Buffett](#), "Be fearful when others are greedy and be greedy when others are fearful."

The market is fearful: Beginners should buy

So, why is the market falling? It all started on April 21 when Federal Reserve Chairman Jerome Powell [signaled](#) a 50-basis-point interest rate hike in May. Then came escalations in the Russia-Ukraine war on April 25.

The United States is holding a meeting with over 40 countries to supply more weapons to Ukraine. Russia's foreign minister Sergey Lavrov [warned](#) the world not to underestimate the "serious" risks of a nuclear war over Ukraine. And in the last two months, investors saw that Russia's warnings should be taken seriously.

The rising geopolitical tensions pulled up the oil price, which had fallen below US\$100 over concerns of weak demand from China due to COVID lockdowns. This has made the investors fearful of slowing economic growth.

In a [previous article](#), I'd talked about the possibility of a recession if the war escalates and interest rates rise. The way things are heading, people fear that a recession is a possibility. Tech stocks could take the biggest hit in a recession. Hence, investors are selling, fearing a decrease in consumer spending. The tech-heavy Nasdaq dropped to a 52-week low.

Shopify's current stock price is a beginner's luck

This brings us to Shopify's fundamentals. Shopify has major operations in Canada and the United States, where sky-high inflation is affecting consumer spending. In its latest earnings, Shopify guided 2022 revenue growth to be lower than last year's revenue growth of 57%. That is a smartly worded guidance, as it leaves ambiguity as to how much revenue growth investors can expect. It is lower than last year but does not specify how much lower. I guess even Shopify can't tell.

Shopify will announce its first-quarter earnings on May 5. If the company manages to meet the revenue estimate of \$1.6 billion, the stock could jump 20-30% within a week or two. Investors have oversold the stocks by pricing in their worst fears. This has pulled the stock closer to the pre-pandemic levels (down 65% year to date). Even one positive news can push the stock double digit. Something similar happened in March when the stock [surged 33% in a week](#) after the Fed announced the first rate hike.

Get ready to buy Shopify stock at its two-year low

As Warren Buffett puts it, "Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down." This is the right time to buy Shopify stock. Its Relative Strength Index has dipped to 24. The stock could fall further, but even a glimmer of hope could bring significant buying. And that is where you can book a short-term profit.

If you have \$5,000, buy Shopify stock right now. When the stock surges to \$800, sell 25% of your Shopify stocks. Sell another 25% if the stock crosses \$850. And hold the remaining stock for the long term. A \$550 stock price is a bargain that you should not miss.

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