



2 Canadian Growth Stocks Available at Unbelievable Discounts

Description

The TSX Composite Index is down 8.7% since the April 20 dip began, as economists [warned](#) of a recession from the monetary policy tightening. Investors panicked and started selling everything, where profits and revenue growth were a thing of the future. Most growth stocks, especially tech stocks, [crashed](#) as investors sought solace in [value stocks](#) that pay dividends and have stable growth.

It's time to buy growth stocks

The current market dip has created a buyer's market for value investors. Most lucrative stocks tapping the long-term secular growth trends of electric vehicles (EVs) and renewable energy are available at heavy discounts. The current market dip is because of a recession-like environment and global supply chain disruption that can delay but not stop secular growth trends.

You are at the beginning of a new era of technology-led [secular trends](#). World governments and billionaires are focusing on climate change. They are pouring in billions of dollars on EVs and clean energy deployment, as they seek to halve CO2 emissions by 2030. If you invest in these secular trends now, you could also be a millionaire in the next 15-20 years, when these trends touch everyone's daily lives.

Northland Power

You might wonder why I am putting an energy company in a growth stock. Wind and solar energy are not new, but they have garnered significant attention in the past two years. And this attention is here to stay, as climate change has started affecting the economy. According to a Swiss Re [report](#) estimates, climate change could reduce global gross domestic product (GDP) by up to 18% by 2050.

Hence, world governments have accelerated investments in renewable energy through subsidies, grants, and project approvals. U.S. president Joe Biden aims to deploy 30 GW of offshore wind by 2030. **Northland Power** ([TSX:NPI](#)) could be a key beneficiary, as it is the fourth-largest offshore wind operator, with farms in Europe, Asia, and the Americas. The company has 3.24 GW of operational

capacity and another 3.27 GW under construction. It would secure more revenue streams for dividend growth and reinvestment, as more projects become operational.

Unlike oil and gas companies, Northland Power faces no regulatory and environmental issues that delay projects. Instead, it enjoys subsidies and quick approvals that accelerate project completion. Since Biden became the U.S. president, the stock has seen bouts of growth; it has surged 15-20% every time the government has announced support for renewables.

The 2030 decade is crucial for renewable energy, especially wind and solar if the U.S. and Europe want to achieve their 2030 CO2 target. Northland Power stock has dipped 8.8% from its April high. It could see many bouts of stock price growth and dividend growth in this decade.

Magna International

The next secular trend is also linked to the CO2 emission reduction by 2030 and achieving net-zero carbon by 2050. Transportation is the most significant contributor to CO2 and EVs are one of the most viable solutions to curb this emission. China, the U.S., and Europe are looking to replace gasoline cars with EVs through subsidies and other measures.

However, chip supply shortage and rising prices of raw materials (nickel and lithium) because of the Russia-Ukraine war have delayed EV adoption. Moreover, fears of recession have reduced consumer demand for automotive and other discretionary items. But the long-term EV trend remains intact, with large automakers designing their EVs.

Magna International's ([TSX:MG](#))([NYSE:MGA](#)) earnings were hit by the supply shortage, the war, looming recession, and China lockdowns. Its first-quarter revenue fell 5%, and the adjusted EBIT margin decreased to 5.3% from 7.6% a year ago. These issues will persist throughout the year. Hence, Magna reduced its [2022 outlook](#), and the stock dipped 27% year to date. But it is preparing to strike when supply issues ease. That would be an inflection point for Magna, and you want to buy the stock before that point. This is the time to buy and hold the stock till 2030, as world governments promote EV adoption.

The above stocks could fall in the short term but grow in the mid- and long term.

CATEGORY

1. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)
3. TSX:NPI (Northland Power Inc.)

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