# 1 Cheap Canadian Stock I'd Buy Over Shopify

## Description

Canadian investors have a lot of value options after the latest bout of market turbulence. The TSX Index is starting to show fragility after holding strong for most of the year. Indeed, robust commodity prices aren't enough to stop broader markets from sagging lower if a recession is, in fact, on the horizon. Currently, many investors seem split regarding their recession expectations for 2022. The U.S. yield curve has already inverted, and the recent round of earnings has not been too promising.



Recession or not, though, DIY stock pickers can still "stock pick" their way to beat this market. Undoubtedly, growth has taken a massive hit to the chin, and it could continue to lead the downward charge if the selling activity isn't over yet.

## Shopify stock's tumble continues

Fortunately, Canadians don't need to catch the falling knife that is **Shopify** (TSX:SHOP)(NYSE:SHOP) stock, which currently finds itself down nearly 80% from its peak levels just north of $2,000 per share. Shopify's CEO Tobias Lütke recently slammed the analyst community for lack of accountability.

Of late, we've seen many sell-side analysts lower their expectations on the Shopify and other growth firms well after the damage had already been done. Indeed, it's quite convenient to lower the bar after the fact!

Moving ahead, I'd look for the remaining bullish analysts to find reasons to lower their price targets or recommendations. The crash in shares of SHOP caught many with their pants down.

Several months ago, when Shopify stock was still trading in the quadruple digits, I'd warned that the stock could plunge to the $400-500 range. Now that the stock has fallen to the range, I'm not quite ready to call a bottom. Undoubtedly, the macro environment has changed for the worst, and Shopify stock could continue stumbling from here.

Fortunately, you don't need to buy the dip in Shopify stock, as more folks turn their backs against the company. Instead of jumping into the deep end of the market waters, consider taking a more valueconscious approach.

## Canadian Tire

**Canadian Tire** (TSX:CTC.A) is a Canadian retailer that recently turned 100. The iconic firm behind its flagship Canadian Tire stores, Mark's, and SportChek proved resilient through 2020's lockdowns. Though the relief rally has run out of steam, with investors bracing for a recession, I'm not yet ready to discount the well-run retailer.

Shares have stalled for well over a year now. At writing, the stock trades at a mere 9.3 times trailing earnings alongside a 3.7% dividend yield. Undoubtedly, Canadian Tire stock has gotten a whole lot cheaper since its 2020 rally came to a grinding halt.

Recently, the company clocked in solid first-quarter results alongside a dividend hike of 25%. Despite quarterly strength and the big vote of confidence from management, the stock has struggled to lift off, possibly due to broader market weakness.

As recession fears peak, look for CTC.A stock to heat up. Shares have become way too cheap for their own good and could become even cheaper as a result of the lack of action.



## The bottom line

Shopify stock isn't the only game in town for investors. The stock has punished dip buyers and could continue to do so until there's more clarity about where rates will end up 18 months down the road. For those seeking deeper value, there's a lot to choose from on the TSX. Canadian Tire is one of many dirt-cheap stocks that could get a bid-up if the value rotation continues.

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