Don’t Fear a Recession: 1 of the Best Long-Term Growth Stocks to Buy Amid Panic

## Description

A recession went from a distant possibility to something that may be inevitable, with rates rising and sheer panic over the latest round of inflation results south of the border, sending the S&P 500 right back into a bear market.



Inflation showed signs of cooling off in April. Now, it looks like inflation isn’t backing down. In fact, it may need faster and more furious rate hikes to tame. Undoubtedly, the headlines are horrific, with inflation coming in at yet another multi-decade high. It’s a scary time to be invested, especially if you’ve never been through the inflationary times during the 1970s. Undoubtedly, stagflation and bear markets were the norm in the 1970s, and as many investors draw comparisons to that sort of environment, there’s a real chance that returns will be slightly harder to come by from here.

That doesn’t mean you can’t score a great return if you pick and choose your way to results that are better than the market averages. You need to be a contrarian and scoop up value where there’s value to be had. It’s that simple. Forget about the odds of recession, the potential for stagflation, or what’s on the Fed’s mind at any given time. All these macroeconomic variables are impossible to predict. What investors can control is which businesses they pick up and at what price they’re willing to pay.

# It’s all about inflation and the severity of the next recession

After a turbulent June, valuations are close to the lowest they’ve been since the depths of March and April of 2020. Though circumstances differ, many companies are still positioned to grow their earnings, even through a more challenging time. It’s these firms that may prove severely undervalued, especially if inflation has, in fact, peaked.

Indeed, when you expect inflation and rates to run hot, the odds of some data that’s more than feared are likely to increase. Now, it’ll take another month before we get more big news about June’s inflation. Until then, expect turbulence, with tech and growth, once again, amplifying losses.

Yes, high-multiple growth seems untouchable these days. Buy them today, and it seems like double-digit losses will be in for next week. It seems reckless to buy the dip. However, it's worth noting that the selloff will eventually become overdone. Arguably, the market has already overswung to the downside, given all the panic over inflation and rates.

## Docebo stock: A growth play that's getting cheap

Once markets have a chance to calm, it's these battered growth stocks that could have the most room to run. Young investors with a long-term investment horizon should give names like **Docebo** (TSX:DCBO)(NASDAQ:DCBO) a second look, because once inflation inevitably cools off, it'll likely be off to the races for former high flyers.

Docebo is one of my favourite Canadian growth plays, as it's a way to bet on the digital transformation of the workplace. The pandemic kicked the trend off, and it's not about to slow just because few talk about COVID anymore. AI-powered productivity tools like those offered by Docebo may be more recession resilient than most would expect. At the end of the day, software that helps firms save money are indispensable, especially during tough times. Further, if we get inflation rolling over in late 2022 and a softer-than-expected economic slowdown, Docebo stock could easily fly much higher from here.



At writing, shares are down 65%, making the $1.2 billion firm a high-upside bet for those willing to wait out the storm.

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