2 Canadian Growth Stocks to Buy Amid the Correction

Description

The Canadian stock markets managed to put up a stellar performance for most of the first half of the year, owing to the contribution of a strong bull run by Canadian energy stocks. However, the strong run did not last too long. Rising inflation rates had been a concern for a while in Canada and the United States. Bringing inflation under control requires enacting stringent monetary policies.

The Bank of Canada (BoC) and the U.S. Federal Reserve introduced a series of interest rate hikes in an attempt to cool down inflation rates. The latest U.S. Fed meeting saw an interest rate increase of 75 basis points — the highest jump since 1994.

The initial positive reaction from investors, considering that the Fed is willing to act to control inflation, wore off in 24 hours. Markets went into a steep decline south of the border and here in Canada.

The energy sector also went through a pullback, causing the **S&P/TSX Composite Index** to buckle. The Canadian benchmark index is down by almost 12% year to date and 15.73% from its 52-week high.

The economies are taking action to address the macroeconomic factors that have led us to this point. Once the measures they take lead to positive developments, equity markets will be well-positioned to put up a stellar recovery.

Investing in growth stocks might not appear to be the most attractive option right now. However, a recovery in the broader economy could see growth investors enjoy outsized returns through the correct growth stocks.

Today, I will discuss two TSX growth stocks you could consider for this purpose.

Dye & Durham

Dye & Durham (TSX:DND) is a $1.56 billion market capitalization business engaged in providing cloud-based software and technology solutions to legal and business professionals. Its solutions are designed to help its clients improve efficiency and increase productivity.

Boasting operations in Canada and the U.K., DND boasts a strong customer base comprising law firms, financial service institutions, and government organizations.

Dye & Durham stock trades for $22.49 per share at writing. Its share price is down by 47.78% year to date and over 55% from 52-week highs. DND shares are expected to rebound in the coming months, with a consensus price target of $46.67 per share. It could be worthwhile investing in its shares at current levels.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) is a $1.27 billion market capitalization cloud-based learning platform provider for internal and external enterprise learning. Its innovative solutions also offer real-time tracking of training results, reducing costs related to traditional learning methods and optimizing time.

The company's business boomed amid the pandemic due to lockdowns, allowing it to thrive. Another victim of the tech sector meltdown, Docebo stock has been trading for heavily discounted prices for a long time.

Docebo stock trades for $38.72 per share at writing. Its share price is down by 52.03% year to date and a staggering 67% from 52-week highs. Docebo shares are also expected to post a strong rebound in the next 12 months. Analysts have a consensus price target of $68.29 for DCBO stock. It could be a valuable addition to your portfolio if you are bullish on its recovery.

Foolish takeaway

Stock market investing is inherently risky, and investing in growth stocks, especially during volatile market environments, entails even greater capital risk. Allocating your funds to growth stocks right now should be made with the understanding that it is possible for your investments to decline further in value.

If you can stomach the short-term risk that comes with growth investing and you have the capital set aside for it, investing in Dye & Durham stock and Docebo stock could be worth it for long-term gains.

CATEGORY

1. Investing

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2. TSX:DCBO (Docebo Inc.)
3. TSX:DND (Dye & Durham Limited)

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