



2 Uncelebrated Growth Stocks That Could Buck the Downtrend

Description

The Bank of Canada's full percentage hike on mid-week was shocking and the most significant increase since 1988. Apart from the supercharged interest rate hike, weakening oil prices cause the TSX to close at its lowest in 15 months (18,615.20). The central bank said the move was necessary to limit the economic damage in the long run.

While the energy sector remains the top performer among 11 primary sectors, an agricultural technology company is TSX's top price performance thus far in 2022. Also, a lesser-known, oil-focused company outperforms the sector and the broader market.

Verde Agritech ([TSX:NPK](#)) and **Cardinal Energy** ([TSX:CJ](#)) are uncelebrated names, but both growth stocks could buck the [downtrend](#) and deliver superior returns. Forget about the technology sector that continues to be battered by the massive headwinds today.

Impressive earnings growth

At \$5.92 per share, Verde Agritech is up 111.4% year to date. Also, the trailing one-year price return is 429%. The 12-month average price target of market analysts is \$18.93, or a return potential of 219.8%. Note that the stock's 52-week high is \$11.54.

The \$303.81 million fully integrated company is a producer of potash fertilizer. Management's goal is to become Brazil's largest potash producer by year-end 2022. The country imports more than 96% of its potash supplies. Verde owns 100% of the mineral properties where it mines and processes its main feedstock.

It's not surprising that the stock is a top price performer. In Q1 2022, revenue and sales volume increased by 1,260% and 574% versus Q1 2021. Net profit reached \$3.03 million compared to the \$1.81 million net loss a year ago.

Verde's founder, president, & CEO Cristiano Veloso said, "2022 has started in a very shaky manner for the agricultural market globally." Nevertheless, the company cornered a growing portion of Brazil's

market. Management expects to deliver one million tons by the end of this year.

The game changer could be Verde's newest technology that was launched on April 2022. Bio Revolution enables the incorporation of microorganisms to mineral fertilizers. Verde's Plant 1 has the facility to deploy Bio Revolution, while a proportionally larger Bio Revolution facility will be built in Plant 2.

Verde Agritech is an interesting pick because of strong fundamentals and impressive earnings growth. The company doesn't pay dividends but reinvests or ploughs back earnings into the business.

Tailwind from oil prices

Cardinal Energy is hardly mentioned as one of the top-of-mind choices in the energy sector. The \$1.1 billion company operates in Western Canada and focuses on low-decline light-, medium-, and heavy-quality oil. Performance-wise, the energy stock is up 65.6% year to date. Also, at \$7.02 per share, the trailing one-year price return is 126.5%.

In Q1 2022, petroleum and natural gas revenue jumped 104% versus Q1 2021. Management reported \$57.24 million in net earnings for the quarter as against the \$25.96 million net loss in the same quarter last year. With oil prices likely to remain elevated, market analysts forecast the price to climb 44.3% to \$10.13 in 12 months.

Against the tide

The stock market is declining, but it doesn't mean no stocks can defy downtrend. Verde Agritech and Cardinal Energy could go against the tide.

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