2 Canadian Stocks to Buy Hand Over Fist Amid Tech Recovery

Description

The tech sector has been one of the worst victims of the recent market selloff. While most Canadian tech stocks were trading at their record highs last year, they fell sharply in the first quarter this year, with investors fleeing risky assets amid inflationary concerns. At the same time, some bears also raised concerns about most tech stocks being overvalued — intensifying the tech meltdown.

Tech recovery

Nonetheless, the scenario seems to be improving, as most tech stocks have recently started recovering sharply, as investors continue to evaluate the possibility of a near-term recession. In addition, better-than-expected tech sector earnings are acting as another catalyst for recovery.

Given that, it could be the perfect time for long-term investors in Canada to consider buying some quality tech stocks right now, as most of them are still hovering within the oversold territory, despite their recent gains. Let me quickly highlight two of the best Canadian tech stocks investors may not want to miss buying as the tech recovery gains steam.

Converge Technology stock

Converge Technology Solutions (TSX:CTS) is one of the most beaten-down tech stocks in the last few months that has recently started a sharp recovery. It's a Toronto-based cloud-based software company with a market cap of about $1.2 billion. Converge Technology primarily focuses on providing advanced analytics, cybersecurity, and digital infrastructure-related solutions to businesses. After losing 50% of its value in the previous three months, CTS stock has risen by 12.3% in July to $5.76 per share.

In the first quarter, Converge Technology reported a 77.3% YoY (year-over-year) jump in its total revenue to around $550 million with the help of new acquisitions — exceeding analysts' estimates of around $499 million. Its Q1 sales growth rate was also significantly higher than its full-year 2021 revenue-growth rate of 61% YoY.

Converge is likely to maintain this solid financial growth trend in the coming quarters as well as the demand environment remains incredibly strong due to accelerated digital transformation trends — which should help its stock rally gain steam in the coming months.

Descartes Systems stock

Descartes Systems Group (TSX:DSG)(NASDAQ:DSGX) could be another great tech stock to consider amid the recently started tech sector-wide recovery. The company primarily provides on-demand cloud-based software solutions to logistics businesses to improve their productivity and performance. This Waterloo-based company currently has a market cap of $7.4 billion, as its stock trades at $87.40 per share with 16.4% year-to-date losses. But it has seen a recovery of nearly 10% in July so far.

As the global supply chain crisis continues to haunt companies across the world, more businesses than ever after are showing interest in Descartes Systems's software solutions to improve their logistics network and transportation services. This strong demand drove its revenue up 17.6% YoY in the first quarter to US$116.4 million. More importantly, its adjusted earnings for the quarter saw a solid 28.6% YoY positive growth to US$0.27 per share.

In June, Descartes Systems acquired a multicarrier percent shipping solutions provider XPS Technologies. This deal will help Descartes expand its offerings in the e-commerce fulfillment and shipping domain, leading to higher financial growth in the coming quarters. These positive factors could help its recently started stock recovery to pick up pace in the coming months.

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1. Investing
2. Tech Stocks

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2. TSX:DSG (The Descartes Systems Group Inc)

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