Got $100? 2 TSX Stocks to Buy Now

Description

The persistently high inflation, supply headwinds, and disruptions from Russia's invasion of Ukraine led to a plunge in major indices worldwide. Further, the fear of an economic slowdown led investors to dump high-growth stocks with higher risk.

While the economic environment has not improved yet, the price decline of several TSX stocks reveals that now is an opportunity to add a few of them to your portfolio in small quantities.

So, if you can spare $100 per month, here are two stocks you could start accumulating now to generate significant returns in the long term.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) gained significantly as the pandemic accelerated e-commerce adoption. However, reopening of the offline channel and tough comparisons in the first half of 2022 wiped out all of its gains. For context, Shopify stock has slumped 77% this year alone. Meanwhile, it has fallen by 82% from its 52-week high.

Shopify could continue to face challenges from persistently high inflation. Meanwhile, strength in the offline channel remains a drag. Shopify is reducing its workforce by 10%, as the pace of shift towards online commerce hasn't turned out the way it expected.

Undeniably, Shopify is facing challenges on multiple fronts. However, it is still a solid long-term bet given its strong growth prospects and leading competitive positioning. Its base business remains strong with a steady increase in the adoption of its solutions.

It's worth mentioning that its GMV (gross merchandise volume — the total dollar value of orders facilitated through its platform) continues to outpace the broader markets. Further, the solid uptake of its Payments, Capital, and Markets offerings continue to drive its merchant solutions revenue.

Looking ahead, Shopify's investments in strengthening its POS (point of sale) and fulfillment services, growing merchant solutions, and expansion of its existing products to new markets will likely support its growth and lead to a recovery in its price.

Algonquin Power & Utilities

While Shopify offers high risk and high reward, **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) is a low-volatility stock. It provides stability, consistent income, and decent capital growth in the long term. Its utility business generates predictable cash flows that support its growth initiatives and dividend payouts.

Algonquin Power expects to expand its rate base further through its US$12.4 billion capital program. Notably, it expects its rate base to grow at a mid-teens rate annually through 2026, which will drive its revenue and earnings. Algonquin Power expects its earnings to increase at a CAGR (compound annual growth rate) of 7-9% through 2026, supporting future dividend payments.

Algonquin Power has increased its dividend at a CAGR of 10% between 2010 and 2021. Moreover, it recently hiked its dividend by 6%.

Overall, its low-risk business, solid cash flows, robust dividend payment history, and a high yield (annual dividend relative to the current market price of AQN stock) of 5.4% make it an attractive investment at current levels.

Bottom line

By investing in these two stocks, investors can benefit from Shopify's strong growth and Algonquin's stable dividend payments. However, investors should note that ongoing macro headwinds could hurt their near-term financials.

CATEGORY

1. Investing
2. Tech Stocks

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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snahata