2 Growth Gems That Could Soar in Price in the Second Half!

Description

The first half was traumatic for many market newcomers heavy in growth stocks and soon-to-be retirees. A long-term investment horizon is crucial to tilt the odds in your favour. Bear markets and corrections will always happen. And they'll hit when the talking heads on television least expect it. That's the nature of markets. But even if you buy at peaks and ride a plunge all the way down, you can still come out ahead in the grander scheme of things. Remember, looking out 10, 20, or 30 years, a 20-30% plunge in markets won't mean a heck of a lot! It'll be a blip and one that you should use to top-up your favourite portfolio holdings.

Now, every market sell-off has a unique flavour. This one is growth-centric, but the rest of the market has felt the shockwaves. With higher rates comes tremendous pressure for unprofitable growth companies. Further, expensive stocks with promising growth stories also stand to take a hit to the chin. As inflation peaks and rolls over, I expect the Feds to pullback on rate hikes, and they may begin cutting again. But don't expect central banks to admit this amid a tightening cycle!

In any case, once inflation calms (at least below 4%), I think the markets will have permission to run with its secular bull market again. The bear may be dominant today, but over the long run, fortune favours the bull.

In this piece, we'll check out **Docebo** (TSX:DCBO)(NASDAQ:DCBO) and **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD). These two fallen growth stocks seem oversold and ready to surge should rate hikes and recession jitters turn into peak rates (perhaps rate cuts?) and the next bull market.

Docebo

Docebo is an innovative Canadian cloud stock that's in the niche business of LMS (Learning Management System) software. In short, it's a productivity-enhancing software that helps firmsmanage their content and train various employees. When workforces went remote, Docebo popped.Though COVID may not be as detrimental today, remote work is likely here to stay. Further, trends inthe labour market (think the great resignation) may further boost the need for AI-leveraging trainingtools like Docebo's platform.

The company is sitting on impressive technology. There's a reason why big clients like Amazon Web Services (AWS) use the platform. At 10.2 times price-to-sales (P/S), the stock remains a tad frothy, albeit seemingly cheap compared to historical averages. But relative to the double-digit growth days ahead, I'd argue Docebo is an intriguing bargain that could have room to run once the growth market's hangover comes to an end.

Lightspeed Commerce

Lightspeed Commerce is an e-commerce enabler that's recovered from catastrophic crashes before. Shares shed over 70% of their value in the 2020 stock market crash only to post a full recovery, eventually overshooting to meet new highs. The stock is now back in the gutter after a more than 83% drop from peak to trough. It was one of many stocks that blew out when last year's tech bubble burst, however, its selloff in 2022 has not been as bad as other big name tech stocks.

The $3.93 billion company had a management shuffle and has been hit with analyst downgrades for many weeks now. At 5.9 times sales, I think the stock is getting too cheap to ignore, given the fact that many no-growth stalwarts trade at similar multiples. Sure, Lightspeed isn't profitable right now, but I think it could narrow losses once the recession ends and consumers are back to spending.

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TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:DCBO (Docebo Inc.)
4. TSX:LSPD (Lightspeed Commerce)

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Date
2025/08/28
Date Created
2022/08/23
Author
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