Rebound Rockets: 2 Beaten-Down Stocks You'll Be Happy to Own in 2032

Description

The S&P 500 index experienced its worst half since 1970 this year due to sky-high inflation and rising interest rates. While the index staged a comeback in the last month, it's still down almost 15% from all-time highs.

Investors should understand that equity markets have always rebounded from every single bear market in the past, and this trend is likely to continue going forward. As generational wealth is created amid bear markets, let's look at two beaten-down stocks you should buy and hold right now.

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Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) enables merchants to establish an online presence and thus was among the hottest stocks during the onset of COVID-19. The company has onboarded over two million merchants on its platform but is currently wrestling with a deceleration in revenue growth.

Shopify increased sales by 86% year over year in 2020, and revenue surged by more than 50% last year. However, in 2022, analysts forecast sales to increase by 30% year over year.

But Shopify remains a top bet for long-term investors as it's part of a rapidly expanding addressable market. According to Statista, online spending in the U.S. is forecast to touch 22% by 2025, up from 14% in 2020.

Shopify charges a subscription fee for merchants allowing the company to generate a steady stream of recurring revenue. It has increased sales from just US$24 million in 2012 to US$4.6 billion in 2021. Further, its operating profit stood at US$269 million in 2021, compared to a loss of US$2 million in 2012.

Market research estimates state Shopify has helped merchants build 27% of all online stores, which is quite remarkable. Additionally, over one-fifth of the top 10,000 online stores have been built using Shopify's suite of tools.

Shopify continues to expand its portfolio of products and services. It is allocating billions of dollars to build the Shopify Fulfillment Network allowing merchants to streamline the supply chain. These capabilities will help merchants compete with the delivery times offered by tech giants such as **Amazon** .

SHOP stock is down 80% from all-time highs. But it's still valued at 9.5 times forward sales, which is quite steep. But analysts tracking Shopify stock remain bullish and expect it to more than double in the next year.

Goeasy

A Canadian-based company, **Goeasy** (TSX:GSY) provides non-prime leasing and lending services through its easyhome, easyfinancial, and LendCare brands. The lender offers multiple financial products and services including lease-to-own merchandise, home equity loans, personal loans, and auto loans.

With over 400 locations across Canada, Goeasy has served more than 1.2 million Canadians, originating US$8.8 billion in total loans to date.

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While Goeasy is part of the highly cyclical lending industry, its loan originations rose 66% to $628 million as credit applications rose 51% year over year.

The company's operating income rose 52% to $85.2 million, and its operating margin 33.8%, up 6.1% in the year-ago period.

GSY stock is down 40% from all-time highs, valuing the company at $2 billion by market cap. The stock also offers investors a forward yield of 2.8% and is trading at two times forward sales, which is very cheap. Further, Goeasy stock is valued at 11.3 times 2022 earnings and is trading at a discount of 50% to average analyst price target estimates.

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