



## Cheap Growth Stock That Could Surge as Inflation Rolls Over

### Description

Though many expect a [recession](#), it's not set in stone, especially if inflation collapses under its own weight.

Recent commodity price moves are encouraging and suggest the worst of the inflation storm is, in fact, behind us. Oil fell below US\$82 per barrel and could be en route to the US\$60 levels, while natural gas is back on the retreat again. Undoubtedly, any relief related to energy prices will help drag inflation down, potentially below estimates over coming quarters.

### Keeping an eye on the CPI data

Looking ahead, all eyes are on the CPI data release. This inflation data release has essentially become the Stanley Cup Finals of investing.

We all witnessed the needle-moving power that a subtly lower result can have on markets. And though the **S&P 500** may be 17% off from its all-time high, investors should not discount the odds of a potential surge back to new highs if CPI comes in much lower than expected.

If a modest 20bps or so of lower-than-expected inflation can spark a double-digit percentage relief rally, just imagine what a 100bps beat could do to rates on the 10-year note and the broader markets, which seem to be priced with nothing but hawkishness from the Fed.

It may be too soon for a Fed pivot. But I'd argue they don't need to pivot if inflation can show signs of a hasty cool off.

### Nuvei stock: A battered tech stock that could soar if inflation crashes

Growth stocks have been weighed down the most by talk of rapid-fire rate hikes and much higher inflation. Should CPI come in below estimates, we could see rates take a sharp turn lower, and it's the

battered tech names like **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) that could have the most upside potential.

Rates and inflation will not soar to the moon. They'll peak eventually (whether at 3-3.5% or above 4%), and once they do, there may be no stopping the tech recovery rally. For those unfamiliar with Nuvei, it's a Montreal-based payments processor that's shed more than 77% of its value from peak to trough.

The latest round of earnings had a detrimental impact on the stock. Revenue came in at \$211 million for the second quarter (down quarter over quarter), while the \$0.51 EPS (earnings per share) beat the consensus of \$0.47. With macro headwinds moving in, digital payments could take a turn for the worse. Regardless, more than just a recession looks to be baked into the stock right now.

Though I expect another few quarters of rough sailing, Nuvei's knack for winning over the business of intriguing clientele amid market chaos has me bullish. Recently, the firm won the business of Canadian airline Air Transat, a partnership that helps the hard-hit airline expand its payment capabilities at the international level.

At 5.1 times price-to-sales (P/S), Nuvei stock is a relative [bargain](#) in the fintech scene (the commercial services industry average P/S is well above seven). As the economy continues to experience volatility, expect Nuvei to keep making deals to beef up its business.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:NVEI (Nuvei Corporation)

## PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

## PP NOTIFY USER

1. agraff
2. joefrenette

## Category

1. Investing

## 2. Tech Stocks

**Date**

2025/07/20

**Date Created**

2022/09/08

**Author**

joefrenette

default watermark

default watermark