This Canadian Fintech Stock Could Turn a Corner in 2023

Description

Investors are growing too myopic, by paying too much merit to the near-term exogenous moves. Undoubtedly, CPI reports and Fed rate hikes are moving markets fiercely in both directions. The slightest miss on CPI can reinvigorate inflation fears and speculation that rates could settle at a much higher level. On the flip slide, the slightest beat on CPI could cause a short burst of market euphoria not seen since the first half of 2021.

At the end of the day, investors must not fear huge moves in markets. Bear markets are never a pleasant experience for investors, but they should be expected and not unsubscribed from! Why? Some of the best relief gains tend to be in recessions. Now, we don't know if we're in a recession or if one will even happen in 2023. Regardless, I think it's a mistake to give up after enduring the first nine months of this bear market.

Bear markets tend to be opportunities for long-term investors

Like it or not, the best opportunities tend to accompany bear markets. Those who choose to act will seem like they're just throwing money at a black hole. In due time, though, markets will reverse (likely on the back of a much-better-than-expected CPI report), and it could be difficult to get in after the needle has moved higher.

Simply put, now is the time to stay invested and add to positions where possible. It's a cardinal sin to take a 20% hit to the chin and not be there for the ensuing rebound.

While bearish pundits and talking heads will frighten investors with talks of downward earnings revisions, I'd argue that long-term investors with time horizons of five years or more should not treat such revisions as the beginning of the end. Cyclical downturns happen, and the following upswing tends to be just as jarring.

Indeed, traders and those closing in on retirement may find themselves between a rock and a hard place over the coming months. But if you're a long-term investor who's got years to wait for the market to turn a corner, now's as good a time as any to put some excess cash to work.

Nuvei stock: Canada's best fintech?

Nuvei (TSX:NVEI)(NASDAQ:NVEI) is a $5.9 billion Canadian payment processor that's now lost more than 75% of its value. Higher interest rates and a looming economic downturn have weighed heavily on the stock. Still, the decline seems to be exaggerated, given the firm's rate of winning on new business.

Indeed, Nuvei is helping many firms expand their payment capabilities on the international level. With the stock still in the gutter, I'd argue that more than just a mild recession is priced into the stock. Arguably, 4-5% rates and a moderate economic recession seem to be factored into the depressed share price at this juncture.

At $41 and change per share, Nuvei stock trades at around 61 times trailing price-to-earnings (P/E) and 5.4 times price-to-sales (P/S). That's not at all an absurd price tag for a quality fintech stock that's beaten on earnings for four consecutive quarters.

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