The 2 Top TSX Stocks to Buy With $1,000 Right Now

Description

Seasoned and value-savvy investors know that having some cash set aside is a significant advantage. Every time the market goes into sell-off mode, stocks across the board decline in value. This lets you add high-quality stocks to your self-directed portfolio at a bargain.

2022 has been a rocky year for the TSX overall. The **S&P/TSX Composite Index** is nearing its 2022 lows again, just a few months after it appeared to bottom out in July. As of this writing, the Canadian benchmark index is down by 14.56% from its 52-week high.

While this means investors with money in the markets are watching the valuations of their investments dwindle, it also opens up opportunities to invest in potentially undervalued stocks.

It's important to understand that not all TSX stocks trading below all-time highs are undervalued. You must consider the stock's long-term potential and the strength of the underlying business to determine whether it could be a good addition to your portfolio.

Today, I will discuss two stocks you can consider for this purpose.

Cargojet

Cargojet Inc. (TSX:CJT) is a Canadian growth stock that sold off massively this year. The $2.13 billion market capitalization company is a cargo airline based in Mississauga. The company owns and operates domestic and international cargo services and full aircraft charters. As of this writing, Cargojet stock trades for $123.02 per share, down by almost 40% from its 52-week high.

Strong demand for its time-sensitive air cargo services has delivered consistent growth for the last several years. The company's revenue grew by 13.4% in 2021, representing stellar earnings growth. Despite the e-commerce industry losing some steam, Cargojet has managed to sustain momentum this year. The first half of the year saw its top line increase by 44.5%, and its net earnings soar by 33.6%.

Its 16.81 price-to-earnings multiple is at a five-year low, creating a golden opportunity for investors who are seeking undervalued stocks.

Shopify

Shopify Inc. (TSX:SHOP)(NYSE:SHOP) is a stock you might be skeptical of, especially in the current market. The $52.08 billion market capitalization Canadian e-commerce company was once the largest stock in the Canadian stock market by market cap. However, it has fallen out of favour this year, and its growth has been slowing down.

Despite a slowdown in growth, it arguably has significant long-term potential. The company expects to grow its sales by 19% this year, reaching upwards of 24% in each of the next three years. The stock is also expected to report positive earnings before interest, taxes, depreciation, and amortization (EBITDA) again next year, growing its margins substantially in the year after that.

As of this writing, Shopify stock trades for $41.32 per share, down by 73.38% year-to-date and by 81.46% from its 52-week high. It could be an excellent addition to your portfolio due to its massive discount and long-term growth potential.

Foolish takeaway

With plenty of top TSX stocks selling off in this volatile market, it's important to consider how much risk you can afford to take. If you're a risk-averse investor focused on short-term performance, investing in technology stocks like Shopify might not be a good idea.

As discounted as it is from all-time highs, there could still be further downside before it picks up. The strong demand for Cargojet services might make this stock a better bet between the two.

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2. TSX:CJT (Cargojet Inc.)
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