2 TSX Retail Stocks to Buy and Hold Right Now

Description

The high-interest rate environment continues to weigh heavily on the stock market as equity securities across the board began declining again over the last few days. The announcement of an additional interest rate hike by the U.S. Federal Reserve sparked another sell-off frenzy in North American markets. As of this writing, the **S&P/TSX Composite Index** is down by a massive 18% from its 52-week high.

While most of the top stocks in Canada are trading lower due to inflation and rising interest rates, a few seem to be outperforming the broader market. Surprisingly, the retail industry seems to be doing well, with one TSX retail stock reaching record highs. Today, I will discuss two top retail stocks you should consider adding to your portfolio if you're looking for long-term investments.

Aritzia

Aritzia Inc. (TSX:ATZ) is a Canadian clothing and accessories fashion brand. As of this writing, Aritzia stock trades for $48.62 per share, down by 19.82% from its 52-week high, but down only by 8% year-to-date. The Canadian benchmark index is down by 14.27% in the same period, drastically declining over the last week. The stock continues to defy predictions and is thriving despite the broader market situation.

Its strong performance comes at a time when many similar companies are reporting significant losses. Many women have made the brand a top choice for their shopping preferences, and its demand has boomed in recent months. Q2 2023 results reported revenue of $525.5 million compared to the consensus estimate of about $453.9 million, representing a 50.1% growth rate. Net income registered a 16.1% gain, and adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) reached $82.6 million, growing by 13.3%. The company's U.S. expansion is going well, and its U.S. revenue grew almost 80% year-over-year.

The company is so profitable that its new locations regularly recoup startup expenses within 12 to 24 months. It can be a great addition to your portfolio at current levels.

Dollarama

Dollarama Inc. (TSX:DOL) might be the perfect business to put your faith in when the rest of the market appears too risky. The value retailer chain has remained strong throughout the year, despite the rest of the market seeing staggering losses. As of this writing, Dollarama stock trades for $80.43 per share, just below its record-setting $83.95 per share all-time high a few days ago.

The boost in price performance on the TSX should come as no surprise. The company's consistent growth across all business cycles comes from its ability to cater to consumer needs in all market conditions, especially when consumers need to cut costs.

The company operates over 1,400 discount retail stores throughout the country and has a growing presence in Latin America through its subsidiary, DollarCity. With a large addressable market and conditions ripe for boosting its sales, Dollarama could still have plenty of growth to offer. Adding it to your portfolio at current levels may be a wise decision.

Foolish takeaway

With a business model suitable to deliver solid performance regardless of broader market environments, Dollarama stock can be an excellent long-term pick for your self-directed portfolio. While cost-cutting measures in harsh economic environments should have a significantly negative impact on fashion retailers like Aritzia, the company boasts strong long-term growth potential.

These two retail stocks can be great additions to your portfolio if you have a long investment horizon.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:DOL (Dollarama Inc.)

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. adamothman
2. agraff

Category

1. Investing
2. Top TSX Stocks

Date
2025/08/14
Date Created
2022/10/18
Author
adamothman