



## Why Aritzia Stock and Canada Goose are Dressed for Success

### Description

**Aritzia** ([TSX:ATZ](#)) and **Canada Goose Holdings** ([TSX:GOOS](#))([NYSE:GOOS](#)) stocks have been in the dog house in recent quarters. Very few Canadian stocks have been able to escape the downward pull of the bear market. True, there's no telling when it will end. Though I do view this bear market as a great time for [new investors](#) to put money to work on great businesses that will live to rise again.

In the meantime, the stock market will likely continue making massive moves in both directions. Undoubtedly, there is a huge list of concerns that have put prospective buyers on the sidelines. Whether it's due to a lack of liquidity, lack of hope, or lack of investment ideas, the rest of the year could have the potential to be quite a doozy!

As a long-term Canadian investor, you shouldn't fear what the market has already had ample opportunity to lose sleep over. The Federal Reserve is poised to increase interest rates, but the economy isn't 100% destined for a hard landing going into 2023.

At the end of the day, 2023 could be a better-than-feared year, especially with so many bears running to the hills over the past three quarters. Whenever expectations are set at the floor, sometimes it may not take much, if anything, to move share prices higher. That's why I'd look to average down on well-run companies whose growth rates could pick up traction on the other side of this market sell-off.

### Aritzia

Aritzia is a women's clothing retailer that may be one of Canada's best growth stories in decades. Undoubtedly, the business of high fashion can be subject to steep ups and downs. With the economy looking at a recession, we may very well see demand for high-end clothing tank further.

Even a strong growth company like Aritzia can't avoid the changing of the economic tides. Still, there's a lot of pain already baked into the stock. Shares slid more than 4% to end Friday, bringing ATZ down around 18% off its all-time high hit earlier this year.

Indeed, Aritzia's "bottom" has already put in a 50% gain. The company is faring better than the S&P

500 index. Yet, I do not think the modest multiple reflects the type of upside to be had in a post-recession environment. In simple terms, the \$5.6 billion company is ready to take the U.S. market by storm, with a level of brand affinity that's surging at a remarkable rate.

At 33.2 times trailing price-to-earnings (P/E), Aritzia is still a pricy stock. But it's not as pricy as it could be, given its brand power and recent quarterly (Q2) beat fueled by incredible performance online and in store.

Sure, a recession wave is coming. But Aritzia's been sailing steadier than most firms like it thus far.

## Canada Goose Holdings

Canada Goose is another upscale retail company with a brand on the global map. Undoubtedly, Canada Goose is more of a luxury (or Veblen) good that's catered to more affluent consumers.

Such wealthy clients who can afford to drop more than \$1,000 on a winter coat are less likely to tighten their purse strings than most other consumers who are feeling the most pain from high inflation. The major problem with Goose is that consumers don't need a new parka every season. The cyclical nature of high-end outerwear makes Canada Goose a tough hold in the face of a downturn.

Though Canada Goose stock has crashed around 77% of its value from peak to trough, I do think there's too much negativity baked in. Perhaps too much recession risk factored in with GOOS stock flying just north of \$22 per share.

The stock's 28.6 times trailing P/E multiple isn't [cheap](#). But if there's a stock that could double in a market bounce-back over the next three years, it's the Goose. Shares are way oversold, and its brand affinity seems to be discounted at this juncture. Nobody knows when GOOS will fly high again. My guess is that it will be tough to keep it at these depths once the next bull market is born.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. TSX:ATZ (Aritzia Inc.)
3. TSX:GOOS (Canada Goose)

### 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. cleona
2. joefrenette

**Category**

1. Investing

**Date**

2025/08/12

**Date Created**

2022/10/18

**Author**

joefrenette

default watermark

default watermark