



2 Top Growth Stocks to Buy in November 2022

Description

The stock market saw buying in the second half of October over expectations of easing interest rate hikes. Investors now expect rate hikes to slow from 75 basis points to 50 basis points in December. The U.S. Federal Reserve and Bank of Canada are nearing their targeted rate of 3.75%-4% and 4.25% in 2023. These rising interest rates pulled down growth stocks as investors focused on [dividend stocks](#). November and early December could bode well for growth stocks unless the Fed decides to increase its [target rate](#) to 4.50%-4.75%, which will mean more rate hikes.

Growth stocks to buy in November 2022

There is uncertainty at the macro level that is preventing the Fed from providing a December guidance. If you look past this uncertainty, long-term secular growth trends remain intact. November is a good time to buy two growth stocks as they see some recovery after bottoming out in October.

Automotive stocks

The automotive industry suffered from the pandemic and the subsequent supply chain issues. There is demand for electric vehicles (EVs) in the market that automakers are unable to fulfill. Adding to the troubles, inflation stemming from rising commodity and energy prices is increasing production costs. Automotive production also took a hit from frequent lockdowns in China and energy rationing in Germany. All these factors significantly pulled down every stock in the automotive industry.

But there is a silver lining. While most automotive stocks hit a new 52-week low, [lithium stocks](#) jumped significantly. Lithium is the core mineral in EV batteries, and the U.S. Inflation Bill's push to use domestic materials sent lithium stocks to new highs. The surge in raw material hints at future growth in auto stocks. Within the auto sector, **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) is my November pick. Between August 12 and October 12, Magna stock fell 21.5%, while **Sigma Lithium** stock surged 40%.

Magna supplies power terrains, body exteriors, seatbelts, and complete car manufacturing services to

automakers worldwide. It suffered from raw materials and semiconductor shortages. But the chip supply shortage is beginning to ease. There is pent-up demand within the automotive industry, although a recession could cast a dark shadow on it.

Consider Magna as a jack in the box. When the box opens, Magna stock could jump. The stock surged 16.6% from its October 12 bottom ahead of third quarter earnings on November 4. The stock is a buy after these earnings as short-term traders exit their position. The focus is not on third-quarter figures but on management's commentary on chip supply and the 2023 outlook.

Semiconductor stocks

Another sector that was badly hit by the pandemic and supply chain issues is [semiconductor stocks](#). Things got complicated due to rising tensions between the United States and China. **The VanEck Semiconductor ETF** ([NASDAQ:SMH](#)) fell 40% this year. But among these challenges, there is a silver lining.

New semiconductor plants are being built in the U.S. as the global supply chain shifts. There is a pullback from declining PC shipments and low demand from crypto miners and PC gamers. But there are also opportunities for EVs, 5G, and artificial intelligence (AI). Next-gen technology will offer high-power computing at the edge, which means more chip content – memory chips, integrated circuits, and analog chips – per device.

The SMH ETF holds shares of the top 25 semiconductor stocks, with the largest holding (11.25%) in the world's largest semiconductor manufacturer **TSMC**. Taiwan Semiconductor Manufacturing Company is the Magna of the chip industry and serves several prominent chipmakers. TSMC and SMH ETF will be the key beneficiaries of all tech trends. SMH can double your money in five years as the industry recovers from supply constraints.

The growth you seek

When supply issues ease, Magna stock could jump more than 50%, and the SMH ETF could jump 100% in a few months. Now is a good time to buy these stocks and ETFs through your Tax-Free Savings Account (TFSA) and book your seat in the recovery rally. Remember that you could see some decline in the next six months before a jump.

Investing tip – When your money doubles, consider booking the profit on some of your Magna and SMH holdings and investing those profits in dividend stocks.

CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:SMH (VanEck Vectors ETF Trust - VanEck Vectors Semiconductor ETF)

2. NYSE:MGA (Magna International Inc.)
3. TSX:MG (Magna International Inc.)

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