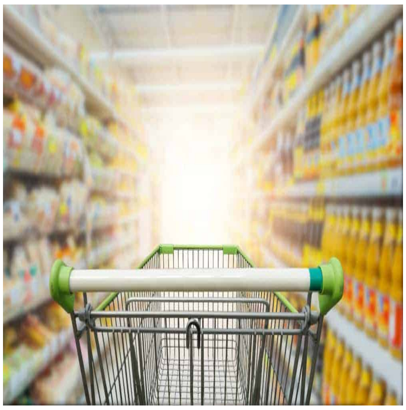

Is Dollarama Stock a Buy at All-Time Highs?

Description

Dollarama (TSX:DOL) has been one of the top performers in 2022. And that's saying a lot. While other companies, including many retail stocks, are seeing shares drop into oblivion, Dollarama stock remains upward. In fact, it continues to surpass all-time highs.

But does this mean Dollarama stock is due for a drop? Or is this a defensive play perfect for your portfolio? Today, we're going to see if Dollarama stock remains a buy on the **TSX** today.

Analysts weigh in

We're still waiting on third-quarter earnings from Dollarama stock, and already analysts are weighing in on expectations. And what analysts really like is that other similar stores are doing so well. This includes **Walmart**, which recently saw incredibly strong same-store sales growth in Canada. In fact, over the last few quarters, Dollarama stock has outperformed compared with Walmart.

The point here is that consumers are looking to cheaper areas to make purchases and fight back inflation. In particular, it's not just the holiday season that investors should look to when it comes to spending. Halloween and back to school will also be high notes for Dollarama stock and its Q3 report.

The company has a strong track record of growth, and during a recession and even poor economy the stock continues to do well. Because of this, analysts believe it's a strong defensive stock to keep in your portfolio.

Growth should continue

Analysts also believe that same-store sales growth will continue not just for the next quarter, but for full-year 2023 at least. Again, this is pointing to the potential of a recession. This will allow the company to continue its domination of the low-cost retail space.

Not only will Dollarama stock then see more stores increase its growth trajectory, but this will allow it to bring in more superior products. There has already been an increase in more well-known brands over the last few years, which has driven more Canadians who want to keep more cash in their wallets to its aisles. And you really do save, with products offering a discount of up to 50% to 60% compared with comparable products, according to a recent analysis.

Great protection, but is it a buy?

So right now, yes, Dollarama stock does seem like a buy during this down market. It's acted like a cyclical stock before, doing well in a recession as Canadians look to save money. It certainly offers protection as inflation and interest rates rise. However, what about the long term?

Analysts remain impressed by the growth in stores, as well as sales, *and* from opportunities abroad. This includes in Latin America. Dollarama stock, therefore, seems to be using its cash from its growing operations effectively, and it looks like a solid long-term hold.

I do, however, stress "long term." It's hard to tell what the future holds, especially during a recession. Dollarama stock isn't immune to drops, and it has yet to go through a major recession. So time will tell how it performs in the next year, and those to come.

Shares of Dollarama stock are up 31% year to date, trading at 33.1 times earnings as of writing.

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alegatewolfe