



## 2 FAANG Stocks to Buy Like There Is No Tomorrow

### Description

After creating significant wealth for investors in the last decade, several FAANG stocks are reeling under pressure in 2022. FAANG is the acronym for big-tech companies that include **Meta** (formerly known as Facebook), **Amazon**, **Apple** ([NASDAQ:AAPL](#)), **Netflix**, and **Alphabet** ([NASDAQ:GOOGL](#)) (formerly known as Google).

These high-flying growth stocks experienced a selloff in the first 11 months of 2022 due to a combination of factors ranging from concerns over valuation to supply chain disruptions, rotation towards value investments, rising interest rates, and inflation.

However, as multiples have pulled back significantly, it might be time to go bottom fishing and buy these tech stalwarts at a discount. Here, I have identified two FAANG stocks Canadian investors can buy right now.

### Apple

The largest company in the world, Apple, is valued at a [market cap](#) of US\$2.24 trillion. The iPhone manufacturer enjoys pricing power due to the strength of its brand and the value proposition it offers to customers. But there are a few temporary headwinds Apple has to navigate going forward.

For instance, COVID-19 lockdowns imposed in China are likely to drive iPhone shipments lower in the near term. The possibility of a global recession in 2023 might also lower consumer demand, driving revenue estimates lower.

However, Apple's strong balance sheet should allow the company to navigate a challenging macro-environment. Further, in the last decade, Apple has diversified its revenue streams and entered several new verticals such as wearables, digital payments, and music and online streaming. Its Services business is the second-largest segment and the fastest-growing one for Apple since fiscal 2015.

Despite its huge size, Apple increased its sales by US\$28.5 billion in fiscal 2022 to US\$394.3 billion. Wall Street now expects sales to touch US\$428 billion in fiscal 2024. Valued at 23 times forward

earnings, Apple stock might move lower, especially if market sentiment deteriorates. But it remains a solid bet for long-term investors.

## Alphabet

The second FAANG stock on my list is Alphabet — the largest digital ad platform globally. Down 36% from all-time highs, Alphabet's stock price has surged by a staggering 3,700% in the last two decades.

Alphabet is part of the advertisement market, which is extremely cyclical. So, as the Federal Reserve is willing to risk a recession in order to rein in inflation, enterprises continue to lower ad or marketing spending, dragging Alphabet's revenue growth lower.

Analysts tracking GOOGL stock expect sales of the ad giant to rise by "just" 10% to US\$283.6 billion in 2022 and by 8% to US\$306.4 billion in 2023. Between 2018 and 2021, Alphabet sales rose by more than 23% annually.

While adjusted net income is forecast to fall by 16% year over year this year, Alphabet stock is valued at 20 times forward earnings, which is quite reasonable, especially if the market stages a recovery in 2023.

A key driver of the company's top-line growth is the public cloud segment. In the third quarter, Google Cloud sales surged 38% year over year, offsetting tepid growth across other segments. Alphabet also ended the September quarter with US\$116 billion in liquidity, and the stock is trading at a discount of 35%, given consensus price target estimates.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NASDAQ:GOOGL (Alphabet Inc.)

### PARTNER-FEEDS

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1. araghunath
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**Author**

araghunath

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