



A Bull Market Is Coming: 2 Explosive TSX Growth Stocks Down 56% and 66% to Buy Now

Description

After witnessing a massive [crash](#) in 2022, some TSX [growth stocks](#) have started the new year with optimism, as most investors expect them to witness a recovery in 2023. Although the possibility of heightened [market volatility](#) in the near term can't be ruled out, given continued macroeconomic challenges, long-term investors can still take advantage of the recent price correction to buy some quality growth stocks at a big bargain.

By doing so, you can expect to earn solid returns on your investments in the upcoming [bull market](#), even if these stocks witness more ups and downs in the short term.

In this article, I'll highlight two explosive growth stocks on the [Toronto Stock Exchange](#) you can consider buying at the start of 2023.

Lightspeed stock

Lightspeed Commerce ([TSX:LSPD](#)) could be an amazing growth stock to buy in January 2023, as it continues to hover within the oversold territory. This Montréal-headquartered growth company has a [market cap](#) of \$3.1 billion, as its stock trades with 5.6% year-to-date gains at \$20.44 per share. In the five combined quarters ended in December 2022, LSPD stock witnessed more than 84% value erosion, as investors continued to flee riskier assets, including [tech stocks](#), amid growing economic uncertainties and geopolitical tensions.

Besides the tech sector meltdown, a New York-based short-seller, Spruce Point Capital's extremely critical report about Lightspeed could also be responsible for triggering a massive crash in its stock. Notably, Spruce Point, in its report released in September 2021, made vague arguments for questioning Lightspeed's business practices without providing clear evidence supporting its claims.

While this short report caused a crash in this TSX growth stock, it didn't get much attention from notable Street analysts who still remain largely positive on Lightspeed's future growth outlook. Given

that, a 56% decline in Lightspeed stock in the last year presents an opportunity to buy it cheap now to benefit from the upcoming bull market.

Shopify stock

Shopify ([TSX:SHOP](#)) could be another no-brainer growth stock to consider in 2023. This top TSX growth stock has lost nearly 66% of its value in the last year, despite rising 6% in the first few sessions of 2023. SHOP stock currently trades at \$49.91 per share and has a market cap of \$62.7 billion.

Shopify's year-over-year sales growth rate fell sharply last year, as the global pandemic-related restrictions started easing and businesses started reopening. But it wasn't something that the company didn't warn its investors about in advance. In fact, Shopify, in almost every quarterly earnings report in 2021, suggested that it expects the pandemic-driven massive digital commerce demand to be temporary. But still, its stock tanked sharply last year amid the tech meltdown, which made it look [undervalued](#) based on its future growth potential, in my opinion.

Despite facing macroeconomic challenges, Shopify is continuing to focus on taking long-term growth initiatives. For example, Shopify [released](#) several innovative services in mid-2022 — like B2B on Shopify, Twitter Shopping, Local Inventory on Google, and Tap to Pay on iPhone — to make its e-commerce services portfolio more attractive for merchants. Last year, the tech firm also took necessary steps to protect its profitability amid inflationary pressures by reducing costs and trimming its workforce.

I expect these growth efforts and timely cost-reduction steps to help Shopify retail investors' confidence in the coming quarters and help its stock recover sharply, making it one of the top TSX growth stocks to consider to benefit from the upcoming bull market.

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