2 Top TSX Growth Stocks to Buy in January 2023

Description

The persistently high inflation and a spike in interest rates to curb it weighed on growth stocks in 2022. Even though the macro environment is roughly the same, with uncertainty posing challenges, now is the time to capitalize on the lower prices of top Canadian stocks.

While growth stocks could remain volatile in the short term, companies with profitable growth could recover swiftly, delivering stellar returns in the medium to long term. Against this background, here are two top high-growth Canadian stocks to buy in January 2023.

A top consumer stock

With high-growth stocks in the backdrop, investors could consider investing in the shares of **Aritzia** (TSX:ATZ), a top consumer discretionary stock. What stands out is its consistent sales and earnings growth. Its top line has a CAGR (compound annual growth rate) of 19% from fiscal 2018 to fiscal 2022. During the same period, this fashion house increased its earnings at a CAGR of 24%.

Despite the macro headwinds, the momentum in its business sustained in 2022. While its top and bottom line continued to grow at a double-digit rate in 2022, management sees strong growth ahead. It expects the revenues to increase at an average annualized rate of 15-17% through 2027. Moreover, the company expects its EPS (earnings per share) to grow faster than its sales.

The strong demand for Aritzia's products will likely drive full-price selling. Moreover, the expansion of the boutiques, primarily in the United States, will support its top-line growth. Also, strengthening its e-commerce platform and growing penetration into other verticals bode well for future growth. Benefits from higher sales and operational efficiency will support its profitability and stock price.

Aritzia stock has a price-to-earnings (P/E) multiple of 23.5, which is lower than its historical average of more than 27, providing a good entry point.

A fast-growing subprime lender

Shares of the leasing and lending services provider **goeasy** (TSX:GSY) could be another solid addition to your portfolio. The fear of economic slowdown and its impact on goeasy's loan originations and asset quality dragged its stock lower. Despite investor concerns, goeasy continued to grow its loan volumes rapidly in 2022. Further, its credit quality and payment volumes remained stable, which is a big positive.

goeasy has grown its revenue and earnings at a double-digit rate in the past decade. Moreover, it expects the momentum to sustain in the coming years. Its wide product range and omnichannel offerings could continue driving its loan originations and revenues. Furthermore, leverage from higher sales and operating efficiency will help expand its margins and bottom line.

goeasy is part of the S&P/TSX Canadian Dividend Aristocrats Index for consistently increasing its dividend for more than five years. Moreover, based on the closing price on January 24, goeasy stock offered a dividend yield of over 3%.

Overall, its strong revenue and earnings growth and ability to enhance shareholders' returns through dividend increases make goeasy a solid long-term investment.

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