2 Top Stocks to Buy in February 2023

Description

The Canadian stock market has seen a healthy recovery in 2023 so far after witnessing a big selloff, especially in growth stocks, last year. While early signs of easing inflationary pressures have driven this market rally, macroeconomic uncertainties could be far from over, as the possibility of a looming recession is still keeping investors at bay. In addition, rough corporate earnings could keep the stock market rollercoaster ride going in the short term.

These are some of the key reasons why you may want to hold some fundamentally strong stocks in your portfolio that can help you keep your risk profile low and also yield attractive returns in the long run.

In this article, I'll highlight two of the best Canadian stocks you can buy in February 2023.

Aritzia stock

Aritzia (TSX:ATZ) is my first stock pick for February 2023 that hasn't seen much appreciation lately, despite its improving fundamental outlook, making it look undervalued. It's a Vancouver-headquartered design house and retailer of everyday luxury clothing with a market cap of $5.3 billion. Its stock trades at $46.55 per share after witnessing 20% value erosion in the last year.

In the first three quarters of its fiscal year 2023 (that will end in February), Aritzia's total revenue jumped by 48.3% YoY (year over year) to $1.6 billion, as its sales across channels and geographies continue to soar. Specifically, the performance of its existing and new boutiques in the United States remained impressive. As a result, its adjusted earnings jumped by 22.7% YoY in these three quarters to $1.46 per share, despite supply chain disruptions and inflationary pressures.

Aritzia's ability to continue posting strong growth despite these short-term challenges and its focus on strategic investments in infrastructure for long-term growth make it a great Canadian stock to buy this month.

Dollarama stock

Dollarama (TSX:DOL) could be another safe and fundamentally strong Canadian stock to buy right now. This Mont-Royal-headquartered value retailer currently has a market cap of $22.2 billion, as its stock trades at $78.09 per share with about 1.4% year-to-date losses. By comparison, the **TSX Composite** benchmark has inched up by 6.9% this year so far. Interestingly, Dollarama's share prices have posted strong double-digit gains in nine out of the last 10 years, reflecting underlying strength in its business model.

Last year, many large retail businesses became a victim of macroeconomic uncertainties. However, the sales for Dollarama's affordable products soared, as consumers looked to save money, helping it post strong financial growth. While the company is yet to report its full fiscal year 2023 results (ended in January), its adjusted earnings grew positively by 26.7% YoY in the first three quarters of the fiscal year with the help of a 15.3% increase in its sales.

As the demand for affordable products remains high in tough economic times, you can expect Dollarama's business to keep growing steadily and profitably, even if we encounter a moderate recession in the near term. And that makes it a reliable Canadian stock to buy in February.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:DOL (Dollarama Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. jparashar
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date
2025/08/11
Date Created
2023/02/08
Author
jparashar