



My Top TSX Growth Stock for February 2023

Description

Growth is coming off one of its worst years in a while. Since the page turned on 2022, though, tech plays have been in recovery mode. Still, it's hard to tell just how long this rotation back into the battered growth names will last. There's still a recession looming, with high rates that are hurting the value of firms that don't expect to rake in big profits anytime in the near future.

Indeed, we've been talking about and preparing for a recession for well over a year now. At this juncture, there have been mixed economic signals.

Though employment still looks sound, it's clear that white-collar jobs seem to be feeling the most pain, while blue-collar positions still look plentiful. Given how hard it's been to secure workers in the service sector following the pandemic, I'd argue it's unlikely that the economic pressures will spread from tech and other higher-paying white-collar industries.

Recession or not, growth stocks were overdue for relief

Undoubtedly, a 2023 recession will be very different from past economic [downturns](#). With the rise of rates, profitability is a top priority for firms and investors. January has been a hot start to 2023 for markets, questions linger as to what happens next, as the recession gets closer. I think the rally in growth can last, as investors look for names that have fallen well below their intrinsic value. After steep selloffs, there tends to be an opportunity to pay two or three quarters to get a full dollar, so to speak.

Though investors are feeling more bullish, with certain pockets of euphoria hitting the tech stocks with strong artificial intelligence capabilities (thanks, ChatGPT), I'd argue that now is not the time to get "excited" again. Rather, it's time to be selective and look to the stocks that can help you score decent [gains](#) in a bull- or bear-case scenario.

Without further ado, consider **Nuvei** ([TSX:NVEI](#)), a growth play that looks intriguing this February.

Nuvei: My top Canadian growth stock for the month

Nuvei is a Montreal-based payments firm that saw its stock crumble like a paper bag last year. Shares shed around 80% from peak to trough, giving back the gains that lasted between its initial public offering (IPO) and its eventual 2021 peak. These days, Nuvei is hovering closer to its IPO price, which makes for a very intriguing pick-up for investors who believe in the firm's ability to make a dent in the global payments space.

Did Nuvei stock get ahead of itself in 2021? Sure, but most tech firms and hot IPOs did.

Amid the carnage, Nuvei flexed its financial muscle, picking up Paya in an all-cash deal for US\$1.3 billion. The all-cash nature of the deal will allow Nuvei to score a great value in a target that could bolster its capabilities.

Nuvei has also quietly been winning clients of late. Recently, Colombian firm Redeban chose Nuvei for its embedded payments. Indeed, Nuvei's getting recognition at the international level. Though a recession will weigh on prospects, the ensuing recovery could be very kind to the hard-hit financial innovator.

With a 2.94 beta, though, Nuvei is way more volatile than almost any other stock on the TSX. So, do be ready for massive up-and-down swings.

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Author

joefrenette

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