



Is Now a Good Time to Buy Magna International Inc?

Description

Magna International Inc. ([TSX: MG](#))([NYSE: MGA](#)) is trading much lower than its 52-week high of \$125.39 as the TSX slowly tries to crawl its way back up to its September 3, 2014 highs.

One question on many investors' mind is whether now is a good time to buy the company. If you asked me a few days ago, I would have given a more assertive "yes." But in the last two days, given the market's relief rally, I would sit on the sidelines until the market swings again and creates more appealing buying opportunities (this is usually easier said than done when in the midst of the mayhem!)

Don't get me wrong, I think Magna is a superb company. It operates throughout North America, Europe, and Asia and has 315 manufacturing operations and 82 product development, engineering, and sales centers in 29 countries. This makes Magna one of North America's largest auto parts manufacturers — if not the largest.

The company also recently signed a deal to buy auto parts maker Techform Group of Companies and announced its plans to open two more facilities in India.

With all the uncertainty surrounding us, what's appealing about Magna is that there is a certain amount of stability in its outlook. Interest rates are sitting nice and low and there are no signs of that changing anytime soon, which means consumers can afford to buy cars. There are also a lot of opportunities for the company in emerging markets like India.

Although these are all positives for the company, many market experts say the technicals of the stock are the worst right now and expect it to fall to \$81. That's a huge decline from its current levels of around \$102. But in that lies opportunity.

I can't tell you whether you should invest in the stock right now or not. That would depend on your objectives: your time horizon, i.e., how long you plan on keeping the stock in your portfolio, whether you have an investing objective or trading objective.

What I can say though is consider waiting for the market to come under pressure again and for the stock price to go back below \$100. That's when you'll feel you really picked up a quality bargain.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)

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