



## Are Stocks in a Bubble? Who Cares!

### Description

Personally, I think the stock market is a little bit frothy.

There are a few reasons why I'm leaning in this direction. The Shiller PE — a valuation tool which tracks the market's average 10-year price-to-earnings ratio developed by Nobel Prize winning economist Robert Shiller — has crept back up to 2007 levels again, which suggests poor returns going forward.

Warren Buffett has a favorite economic indicator. He simply takes the market cap of U.S.-listed stocks and divides the number by U.S. GDP. If the number is below 100%, he's bullish. Currently, the number is at 131%, and rising. The "Buffett Indicator" hasn't been that high since 1999, and we all know how that ended.

Plus, I'm seeing weakness in pretty much every major economy outside of North America. Japan is officially in a recession, China's growth has slowed down considerably, and Europe's growth has been anemic for years now. If oil continues to be weak, 2015 headlines might be talking about weakness in Canada.

I don't think I'm alone, either. Just take a look at the performance of the telecom and utility sectors since we had that mini correction in October. Both sectors have outperformed from the bottom, implying that investors are nervous and seeking safety.

### What should you do?

If you're like me and are thinking there may be a correction coming, what should your next course of action be?

I have a bold idea. How about you do nothing?

I recently read a great quote. It said "time in the market is more important than timing the market." That's a terrific piece of advice for every investor.

It's difficult to just buy and hold. In just about every other facet of our lives, the person who takes charge and does things ends up getting rewarded. The assertive guy gets the girl. The hard worker gets the raise at work. The athlete who practices gets better.

And yet, with investing, it's often the laziest among us who come out on top. The investor who tries to time the market will often miss out on additional upside. The investor who sells a stock for a quick gain after a few weeks might reinvest the proceeds into something worse. Laziness is counterintuitive, but when it comes to your portfolio, it works.

### **Stick with the plan**

There is one minor thing you can do when dealing with a market top. If there's a stock that's done incredibly well for you, consider selling at least some of it. Especially if it's a tech stock or other high-flying name.

But other than that, just keep shoveling money into high quality stocks. Here are a couple ideas to get you started.

Even after its run-up over the past few weeks, shares of **Rogers Communications Inc.** ([TSX: RCI.B](#))([NYSE: RCI](#)) still trade at a cheaper valuation than its nearest competitors. The company is still Canada's wireless leader, and new CEO Guy Laurence has begun to take steps to fix some of its wireless issues. Plus, Rogers has a stellar dividend growth record with shares currently yielding 4.1%. There's 20% upside if Rogers can just trade at the same valuation as its peers.

There are two huge factors which should make every investor bullish about **Cenovus Energy Inc** ([TSX: CVE](#))([NYSE: CVE](#)). The first thing is the decline in energy prices, which has pushed the share price down approximately 20% since September. Further, Cenovus has some huge oil sands projects coming online over the next few years. The company's Telephone Lake project is projected to produce 300,000 barrels of crude per day. Grand Rapids is expected to grow production by another 180,000 barrels. And upgrades to current operations are expected to add approximately 100,000 barrels per day to production by 2016. Put those together, and Cenovus could be challenging **Suncor Energy** as the king of the oil sands by about 2020. Yet it trades at less than half of Suncor's market cap now.

It isn't just Cenovus and Rogers that look to be attractive buys right now. Check out our free report for other terrific dividend opportunities.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:CVE (Cenovus Energy Inc.)
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3. TSX:CVE (Cenovus Energy Inc.)
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Author

nelsonpsmith

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