



## Get Clues From the Market on When to Buy

### Description

When the market falls, it usually takes the span of months. If we look at the recent pullbacks, it started off with the energy companies, followed by the utilities. The real estate investment trusts (REITs) also fell.

Has the market stopped falling? Personally, I don't think so. However, investors should not fear a falling market, but instead, should get clues from it on when to add to your best ideas in each sector to your portfolio.

Lower prices means getting more value with less dollars!

### Falling energy companies

Using **Energy Select Sector SPDR (ETF)** as a benchmark, this basket of energy stocks fell from US\$100 in August 2014 to the low of US\$74 in December. In four months it fell 26%.

Since December, it has been hovering between roughly US\$74-80. If it falls past US\$74, investors should wait until another base is formed, or until a bounce back occurs before adding energy companies to your portfolio.

On my watch list, I have **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Crescent Point Energy Corp.**

### Falling utilities

Using **Utilities SPDR (ETF)** as a benchmark, this basket of utilities fell from \$49 in January 2015 to \$42 today. In five months it fell 14%. A base hasn't been formed yet, and there are no signs of a bounce.

Utilities generally pay a higher yield than the typical stock. As a result, they're more sensitive to interest rate rises.

On my watch list, I have **Canadian Utilities Limited** ([TSX:CU](#)) and **Brookfield Renewable Energy Partners LP**

## Falling REITs

REITs also generally pay a higher yield and are more sensitive to interest rate increases than lower-yielding investments.

Select REITs I follow have been hit hard lately. For example, **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) has fallen 23%.

## What can investors do?

What you can do in a falling market is to accumulate cash and look for trends from the market via ETFs or indices. If a falling trend is still apparent, don't buy yet.

Since there's not enough capital to go around, you need to decide on the best ideas from each sector. Furthermore, decide on what price points or yield points to buy. Do so ahead of time, so emotions don't get in the way.

Dollar-cost averaging also helps to make sure you're taking advantage of pullbacks, but not risking your available cash all at once. Look at individual companies and their business performance. If they're showing strong earnings and dividend growth, then they may be the best idea you've been looking for.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:ENB (Enbridge Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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