



A Falling Market Has No Room for Panic: it's an Opportunity to Buy

Description

On August 24, investors woke up to a very emotional market due to an 8.5% fall in the Shanghai index, a 5.2% fall in the **Hang Seng Index** of Hong Kong, etc. The first 15 minutes after the market opened would have been very difficult to stomach. The **S&P/TSX Composite Index** has fallen as much as 765 points, close to 5.7%. However, by noon it had already recovered to be only down by 1.5% from the previous day's close. Let's take a closer look at some quality companies that you could have bought at low prices this morning. These companies tend to pay good dividends with yields of 3-4%, and they also tend to increase every year. **The Canadian banks**

- **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) reached as low as \$68, a yield of 4.5%, but by noon it had recovered to \$71.6, or 4.3%.
- **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) reached as low as \$52.6, a yield of 5.2%, but by noon it had recovered to \$56.50, or 4.8%.
- **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) reached as low as \$47.8, a yield of 4.3%, but by noon it had recovered to \$49.70, or 4.1%.

Because I set alerts for myself through my bank that tell me when the companies I want to buy have reached certain buy points (my buy zones), I woke up with dozens of buy alerts. And because I set those buy zones when I had a clear head, before all this market action happened, I took the opportunity to buy some shares in a quality company that was below my buy zone. **The Canadian utilities** The Canadian utilities were in a similar situation as the banks.

- **Fortis Inc.** ([TSX:FTS](#)) fell as low as \$34.2 for a yield of close to 4%, but by noon it had recovered to \$36, a yield of 3.8%.
- **Canadian Utilities Limited** ([TSX:CU](#)) fell as low as \$31.1 for a yield of 3.8%, but by noon it had recovered to \$33.6, a 3.5% yield.
- **Emera Inc.** ([TSX:EMA](#)) fell as low as \$41.7 for a yield of close to 4.6%, but by noon it had recovered to \$43.4, a yield of close to 4.4%.

In conclusion There will be more volatility and possibly some more downside. However, long-term Foolish investors should take what I call "panic sales" as opportunities to buy some shares at a lower price and higher yield. Dollar-cost averaging is a great strategy to use to buy quality companies over

time. As you see, for quality companies such as the ones listed above, their prices recovered as quickly as they fell. There's likely more drama ahead, but remember: a falling market has no room for panic. It's an opportunity to buy. Investors who have cash on hand can set limit orders for the quality companies they want to buy at their desired prices. So, even if you're sleeping next time, you can still catch those shares at great prices. The added benefit of that is when you set buy points, you have a clear mind and won't be affected by market actions.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CU (Canadian Utilities Limited)
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Author

kayng

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