



## The Great Canadian Stock Sell-Off Isn't Over Yet

### Description

This isn't just about the coronavirus. Pundits have been predicting an end to the bull market for some time. It was always going to be nasty. After all, the last financial crisis was preceded by a far-less-bullish period. The record bull run — almost 11 years of it — had to end sometime. Well, now it has, and the bear market is upon us. But how should [low-risk Canadian stock](#) investors deal with it? Here are a few tips.

### Gauging the Canadian stock sell-off? Think long term

And don't expect the markets to be tied only to the coronavirus. Overvaluation has been rampant, and a correction was long overdue. The downturn would persist even if the virus vanished tomorrow. Look at oil, for instance. Per-barrel prices were already at rock bottom before the virus. Remember the close call in the Middle East that kicked off 2020? The market expected a rally, but oil prices barely moved.

Conversely, don't sell those high-quality **TSX** stocks all in one go. That's the best way to realize your losses. Instead, trim for safety. Identify areas of overvaluation by combing through market ratios relative to sector. Look for areas of overexposure. Make your portfolio as diversified as possible across your best-performing names.

### This is a once-in-a-lifetime value opportunity

New investors have the opportunity of a lifetime. The market is correcting, meaning the economy is getting reset. That means new TSX stock investors will see higher margins of return than anyone who got invested five years ago. Identify the **Amazon** of your generation. It could be something that nobody has heard of. Or it could be something with a long way yet to run.

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) could satisfy this criteria. The stock has had a great run for the last half-decade. Yes, weakening consumerism is likely to affect its bottom line. But the stock could outpace the market nevertheless. This name has single-handedly elevated Canadian tech stocks over the last five years. Its business model is innovative and flexible.

Shopify stock is also a low-exposure proxy for cannabis investing. Canadian stocks in the legal cannabis space can be highly volatile, as anyone who bought into them can attest. Tech stocks are also prone to oscillating momentum. But Shopify has a quality that few tech stocks can achieve: diversification. The company can boast a million businesses using its e-commerce platform.

So, it has the numbers. It has decent market share. And it's still growing. What's more, it's on sale. Warren Buffett didn't jump on Amazon at ground level. But new investors shopping for [top Canadian stocks](#) have been given a reset. It's not exactly the same thing as an entry level play right now. But the stock is down 15% this week, and that's the next best thing. Three-year returns of 492% equals a strong buy.

## The bottom line

Investors should get ready to buy increasing numbers of shares in their favourite TSX stocks. Don't buy all at once — this market will be with us a while. This means buying shares incrementally, topping up on further weakness.

### CATEGORY

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1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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