Why Buying Stocks in a Market Crash Can Make You a Millionaire

Description

If you're looking to earn a great return on stocks, then you should consider buying shares right now. Market crashes haven't happened often over the past few years, and there's never any guarantee how long they'll last. The last big sell-off took place towards the latter half of 2018. While it was a disappointing finish to the year, it made for a very strong 2019. A stock like **Shopify** (TSX:SHOP)(NYSE:SHOP) was trading at around $189 by the end of 2018. It would go on to hit over $700 earlier this year. And that's just in a span of a little more than a year.

Facebook was at US$138 to finish 2018, and it hit a peak of US$224 during the past 52 weeks. Its returns aren't anywhere near Shopify's, but they've been stellar nonetheless. Even a blue-chip stock like **Fortis** finished 2018 at about $45 per share. It would eventually climb to a high of nearly $60 for a possible return of more than 30% on what's normally a safe investment where those types of returns aren't typical. These above-average returns can enable you to earn significant profits.

Investors shouldn't waste the opportunity today

The opportunity investors find themselves in today may not happen again for years. The types of bearish activity we've seen in just the past month may not happen for a while. Even if you're worried that stocks may continue to go lower, a good value buy today will still be a good value buy when it drops in price. Waiting too long, however, could let the opportunity pass by.

A stock like Shopify still has a lot of growth potential. While there may be fewer merchants selling their wares online today as a result of the coronavirus, that's a temporary issue. Lockdowns and tight restrictions surrounding movement and commerce aren't permanent. While Shopify may suffer in the short term, that's not going to impact its long-term future. Online shopping will continue to be strong, and there will always be new merchants looking to sell products online. A need for the services and platform that Shopify offers its merchants will always be in demand.

And the company's move into fulfillment is another area where it can achieve high growth. The point is that Shopify's business hasn't fundamentally changed, even though its stock price has fallen. The markets have brought down Shopify stock, and when they recover, they'll bring it right back up again. There's no reason for investors to be more bearish on Shopify's future because of the coronavirus. And the same goes for any stock. When the markets react so strongly to temporary events, it's an excellent time for investors to consider buying up some bargains.

Bottom line

It's not logical or rational to expect that stocks will continue falling. Just as it wasn't rational to expect them to continue rising during the bull market, either. If a company's business hasn't been adversely changed, then that shouldn't impact whether it's a good investment or not. There are times when the markets aren't acting rationally — and that's what's happening right now. Wild double-digit swings one day to the next aren't signs of market efficiency. While the market will eventually stabilize, investors have an opportunity now to lock in some great deals that help earn them some significant returns in the future. And the more you buy today, the more of a potential profit you can make down the road.

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