Market Crash 2020: Buy Stocks Now — or Wait Until the Market Plummets Even More?

Description

Millions of dollars have been lost in the stock market, with the novel coronavirus exacting the worst damage. The sidebar, the oil price war, is adding to the anxiety. With the OPEC nations and Russia meeting to decide on oil production cuts, an agreement could lessen market volatility a bit.

However, the longer the health crisis takes, the longer the stock market would be in the dumps. If there's a consolation, the top corporate names are selling at bargain prices. Is now the right time to buy stocks or should investors wait until it plummets even more?

There's been widespread buying lately on the **Toronto Stock Exchange** (TSX), although some investors are selling to cut losses. But the essence of stock investing is to make money. People with long-term financial goals are in the market as well as retirees building retirement wealth.

Wild market

Of all assets, the stock market has given the best, if not the highest returns to investors. In a robust economy, companies are making money, so it makes perfect sense to invest. If the market didn't exist, there's wouldn't be an easy process to grow your money.

In an extraordinary market like we see today, it's foolish to invest because losses can be irrecoverable. The market has gone wild like never before because of the coronavirus outbreak.

From 17,944.10 on February 20, 2020, Canada's main stock market index has fallen to a low of 11, 228.20, or a 37.43% drop in 31 days. As of April 8, 2020, the TSX rallied 24.02% to close at 13,925.70. At one point during the height of the selloff, they were considering shutting down the stock market to get a better handle on COVID-19.

No exception

Even banking giant **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) wasn't spared from the coronavirus-induced catastrophe. The third-largest bank in Canada is spiralling on the stock exchange. This $68.4 billion bank has seen its shares drop sharply by 21.19% from $71.56 in early January 2020.

Thus far, the stock is trading at $56.40 per share, with a dividend yield of 6.41%. In the last 20 years, the stock's total return was 697%, including reinvestment of dividends. But BNS also sailed rough seas during the 2008 financial meltdown. The loss for the year was 33.46%.

Despite the recessions and cyclical markets that came since 1829, BNS withstood them all. The bank displayed its reliability as a dividend-payer. After a brief slide in 2008, the pace of its dividend growth was quicker.

In the current crisis, the digital capability of BNS is on full display. Over the past five years, the bank spent $15 billion in technology. Employees were mobilized to work from home and attend to customers with ease. Operations in 30 countries are seamless — further evidence that the investments in technology are paying off.

Stay on the sidelines

It's hard to imagine a world without the stock market. However, market disruptions and downsides come in intervals. Investors need to accept this reality. But in a deep recession, investors are better off staying on the sidelines.

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Date

2025/08/25
Date Created
2020/04/13
Author
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