



Stock Market Rally: Buy Now or Wait for a Pullback?

Description

It's been one crazy year so far. If you thought 2018 was bad, 2019 was worse — and 2020 is pretty much depressing. Stocks were hitting all-time highs almost across the board. After a decade of relatively stable upward movement, suddenly [stocks crashed](#). And you know why: COVID-19.

This devastating virus has done even more than threaten our lives; it's also threatening our livelihood. As the virus spread from China into the rest of the world, each market began to drop one by one. In Canada, even before the virus really hit things started to look bleak as you can see from the chart below.



[^]TSX data by [YCharts](#)

After hitting an all-time high of \$17,970.50, the stock plummeted down 38%. But while some were expecting a longer downturn, it seems as though stocks around the world have been seeing a slow market rally ever since. So, what should investors do now?

Change is gonna come — sort of

While it's nice to think that the worst is behind us, unfortunately that's simply not the case. COVID-19 is still very much a part of our lives. While some restrictions might be underway, with hospitals figuring out how to somewhat handle the disease, it is still forcing people to stay in their homes.

That means businesses are still going to be struggling with getting by while the virus continues its rampage, which means many businesses will see further layoffs or even close doors for good. As that happens, earnings reports will come out and investors will yet again be wary of investment, which should see another crash to upset this market rally.

What's worse is that even after the next crash happens, it's likely to happen again. And again. And again until there's a vaccine for COVID-19 and businesses can operate as normal and don't report losses. Once this happens, then the markets might stabilize.

Did I miss it?

Many are asking right now whether they missed the market bottom. Many more are asking if there's going to be another crash and market rally, should I wait to invest during that market bottom? The answer: it doesn't matter.

When you're investing, you should be looking at the long term. What you should be looking for are stocks of the highest quality that have performed well during the last several years and have a strong future ahead that will keep cash coming in.

If you're looking to retire, you should be buying when stocks are an attractive value, and selling when that value isn't there anymore. However, if you're able to hold for decades, it's practically impossible to go wrong. Simply buy those high quality stocks and hold on tight until you *have* to let go. At that point, a market rally won't matter.

Foolish takeaway

If you're going to take the long-term hold strategy, you can't go wrong with a stock like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). Royal Bank has been around for over a hundred years and will probably going to be around for a hundred years more.

When it comes to expansion and finding highly lucrative forms of revenue, the bank has been strong. An example is its wealth and commercial management sector, which has already brought in serious cash for the bank.

Royal Bank has also expanded not only into the United States, but also into the emerging market of Latin America. This will help the company rebound after the market crash, as it did before after the last recession and market rally. In the last 20 years, Royal Bank has come up 400%.

That would turn today's share price of \$96 into \$384 per share in another 20 years. On top of that is the company's 4.46% dividend yield to take advantage of during the crisis.

Regardless of whether you choose Royal Bank, if you find a stock with high value, a strong future, and solid historical performance, you really can't go wrong. So don't wait for a market bottom. Buy now and [hold tight](#).

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Coronavirus
3. Investing

Date

2025/08/23

Date Created

2020/06/11

Author

alegatewolfe

default watermark

default watermark