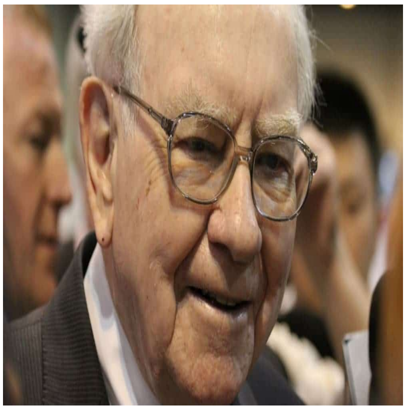

Warren Buffett: Don’t Time the Market

Description

Can timing the market work, or is it only a myth? The strategy means you buy and sell stocks based on expected price fluctuations. If you can correctly tell the spikes and dips, you can turn the movements into profits. However, both topping and bottoming signals aren’t easy to spot.

For his part, Warren Buffett is telling investors don’t time the market. Often, he says, market predictions distract people from making good stock purchases. The GOAT of investing would rather not have an opinion about the market. He believes it wouldn’t be any good and can interfere with his good views.

Avoid market predictions

Market analysts were resurrecting Buffett’s letter to shareholders in 2000. They see its relevance in the current environment. He wrote, “The line separating investment and speculation, which is never bright and clear, becomes blurred still further when most market participants have recently enjoyed triumphs.”

The Oracle of Omaha believes attempting to time the market is a waste of time and hazardous to investment success. Other billionaires and investment gurus compare the frenzy in the market rally after COVID-19 lows with the dot.com bubble.

While the stocks are surging lately, Buffett considers it the worst environment for a long-term investor like him. His conglomerate, Berkshire Hathaway, is a buyer of things over time. He also fears an irrational bull market that’s sustained for an extended period.

Buffett adds that it’s a mistake to skip investing in a good company due to market worries. If you’re right about a particular business, you’ll end up doing fine in the long run. He recalls earning large equity gains over decades of uncertainty, including wars, massive inflation, and political turbulence.

Must-have stock

If you were to pick a company that fits Buffett’s criteria, **Fortis** (TSX:FTS)(NYSE:FTS) should stand out as a buy-and-hold stock. You don't need to time the market when investing in this $24.22 billion company. Fortis is a well-diversified leader in the regulated electric and gas utility industry in North America.

Resiliency is the outstanding characteristic of the utility stock in the **TSX**. It's like seeking the safety of a bond that offers higher returns. Thus far, in 2020, Fortis shares are down less than 1%. The share price is $52.14, while the dividend yield is 3.62%. Remember that you're also investing in a dividend all-star with a dividend streak of 46 years.

The stock market is and will always be unpredictable, although the coronavirus-induced crisis is the most dangerous. If forecasting is incredibly difficult today, you need the best defensive stock to counter the elevated volatility and uncertainty. Fortis is a regulated utility company and, therefore, can ride out the severest market conditions.

Current investors are happy with Fortis' promise to increase dividends by 6% annually through 2024. Given the estimated rate base increase of 6.5% (CAGR) within the same period, the plan is achievable.

Warning

Warren Buffett is not throwing gloom over the giddy players in the stock market. He's warning people about the disconnect between the market highs and the reality of the devastated economy. It could be the party pooper.

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2. Investing

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