



## Stocks Are Going Back on Sale As Vaccine Rallies Fade

### Description

Uncertainty in the markets can cause investors to make snap decisions. The U.S. election saw the markets flipflop as the democrat landslide failed to materialize. While Joe Biden has since emerged as the president-elect, the politics of our southerly neighbours remain starkly divided. The pandemic has also thrown mixed messages into the news cycle, with rising cases pitched against vaccine hopes.

### Stock market volatility continues

But uncertainty itself is not the problem. The markets were bathed in uncertainty last year. From weak oil to the trade war to valuation anxiety, 2019 had worries aplenty. But investors carried on buying right up until the March crash. Instead, the real problem right now is indecision. This can be seen in the way that the **TSX Composite Index** has flattened out this week.

Investors are beginning to ease back out of [value stocks](#). But growth stocks are also slowing down at the same time. The markets are holding their breath. Markets are weighing such disparate stocks as **Aphria** against names like **Barrick Gold** and **Newmont**. Both asset types have seen intense momentum this year but are now grinding to a halt.

This holding pattern is fairly rare in 2020. The year to date has been typified by wildly oscillating momentum. Huge dips have been offset by heroic rips. But the current sentiment is becoming somewhat neutral. While greed has lately predominated over fear, stocks are nevertheless caught between rapidly alternating patterns.

Indeed, the CBOE Volatility Index (VIX) is currently pointing to 22.19. This sometimes overlooked indicator shows a neutral market right now. The amount of 52-week highs compared to yearlong lows is also fairly neutral at the moment. This neutrality belies a market that could flip either way.

### Keep cash on hand for buying opportunities

The situation probably won't last long, though. The vaccine bullishness that has been buoying the

markets is already beginning to turn into a disillusioned selloff. With businesses still reporting earnings, there may be some upside still to be gleaned, especially from bank stocks. A resolved political situation south of the border could also [help to lift stocks](#).

However, vaccine hopes are still 2020's fairy gold, turning into sacks of leaves overnight. Until the uncertainties in the market are erased – from U.S. election shenanigans to the pandemic itself – then the selloffs will keep erasing the rallies.

It will take a successful vaccination program to kickstart a sustained bull run. And even then, the uncertainties that preexisted the pandemic will have to be mitigated.

Until then, bargains can still be had. Look at Aphria, for instance, down 1.3% at the time of writing. Barrick is down by the same amount, which renders both stocks key contrarian picks this week. As the reality of the pandemic continues to sink in, investors are going to be selling a lot of quality picks.

Value opportunities are therefore likely to continue opening up. By buying shares while they're in the red, investors can continue to keep calm and carry on building positions.

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