



Next Market Crash: A Red-Hot Stock I'd Buy on a Pullback

Description

This stock market really *does* seem unstoppable. While many pundits and analysts are calling for a near-term market crash or correction, I'd urge investors to take such shallow projections with a very fine grain of salt. The stock market certainly looks expensive here.

Heck, it might even be long overdue for a vicious pullback. But there's still no sense in panicking over the matter or trying to time your exit before the next big plunge. Nobody, not even the Oracle of Omaha, can time the markets over the near-term and in many instances, it's the act of trying to avoid market crashes that ultimately ends up leaving one missing out on sizeable gains that ensue if the correction that everyone is calling for never ends up happening over the expected timeframe.

Don't time the next market crash: prepare instead!

Timing the market is a bad idea. This market rally could continue surging to new heights despite the valuation metrics at the higher end of the historical range. That said, you should not get complacent and pay Mr. Market whatever price he asks for a given stock.

While the low-rate environment does warrant higher valuations on equities, one must be careful not to reach for momentum at any price. Although chasing momentum and neglecting valuation did [pay-off handsomely](#) in 2020, there's no guarantee such a strategy will work moving forward.

Moreover, one must remember that momentum can work both ways. By chasing the fastest-flying tech stocks, one could find themselves feeling the full impact of the next market pullback as momentum in any given "hot" stock takes a 180-degree reversal.

In this piece, we'll have a look at one compelling **TSX** growth stock that I'll be looking to pick up come [the next big market plunge](#), whenever that may be.

Do you have enough cash for the next market crash?

While I wouldn't urge you to overreact at these new all-time highs, I would encourage you to think about taking at least a little bit of profit off your biggest winners if you've yet to do so, especially if you're light on cash. Come the next market crash; you'll need dry powder on the sidelines to take advantage of the bargains that could make a brief appearance, as they did during the February-March coronavirus crash.

Consider shares of **Score Media and Gaming** (TSX:SCR), one of the **TSX Index**'s hottest stocks over the past few months. The stock has an incredible growth profile and a story that's among the "sexiest" out there. That said, the stock is too hot for my portfolio, but should Mr. Market pull the rug from underneath investors sometime soon, I'll be ready to add to a starter position on weakness.

If no market crash or correction happens, I'd be fine with letting The Score go, as the magnitude of volatility involved with the name is similar to that of a recent Initial Public Offering (IPO) or one of a WallStreetBets meme stock.

Over the last several weeks, I've urged investors to initiate a starter position on Score, highlighting the market potential behind legalized sports-betting, which had been a shot in the arm of the stock since late 2020. The stock now finds itself up over 530% in around a quarter, with shares rocketing another 14.3% this Monday.

The Score scores big gains for small-cap investors

While I'm a huge fan of the business and the opportunity at hand, I'd much rather wait for an opportunity than follow the herd into the name on sheer momentum. The stock trades at 84 times sales (that's *sa*les, not earnings!) and could plunge violently in the next broader market sell-off that could see Mr. Market turn his back against momentum plays.

Should such a market crash happen, I'll be ready to pounce. Until then, I'll be comfortably enjoying the show from the sidelines.

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