



## Why a Market Pullback Is the Best Time to Buy Stocks

### Description

The **S&P/TSX Composite Index** was up 214 points in late-morning trading on March 8. North American markets finished the previous week battle turbulence due to rising bond yields. However, markets have responded well to the passing of the \$1.9 trillion stimulus package in the United States. Will this momentum last? Markets have looked overheated in the first months of 2021, which has caught the attention of analysts. Today, I want to discuss why a market pullback is the [perfect time](#) for investors to go on a buying spree. Let's dive in.

### Why investors should jump on a market pullback

In the investing world, "buying the dips" refers to going long on a security or asset after its price has experienced a short-term decline. This has proven to be a very effective strategy since the 2007-2008 financial crisis. Central banks have kept interest rates near historic lows while pursuing record-breaking asset purchasing programs. When financial markets do experience turbulence, central banks have stepped up to provide reassurance that these policies will continue.

There is little reason to believe that this trend will shift in the years ahead. Central banks are keener than ever to maintain loose monetary policy after a devastating global pandemic. Canadian investors should look to jump on any future market pullbacks in 2021.

### Two growth stocks to target right now

**Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) is a Montreal-based company that provides commerce enabling Software as a Service (SaaS) platform for small- and medium-sized businesses. Its shares were down 3.6% in late-morning trading on March 8. The stock has dropped 18% in 2021 so far.

The company released its third-quarter fiscal 2021 results on February 4. Revenue rose 79% year over year to \$57.6 million and GTV climbed 48% to \$9.1 billion. Meanwhile, recurring software and payments revenue increased 85% to \$52.5 million.

Last month, I'd suggested that investors should [pick up](#) this top tech stock. Canadians should look to get in on the red-hot e-commerce space. Lightspeed offers that chance on the TSX.

**Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) is the top cannabis stock on the TSX by market cap. Its shares have increased 19% in 2021 so far. Meanwhile, the stock is up over 120% from the prior year.

Cannabis stocks have gained momentum in the latter half of 2020 and early 2021. The election of Joe Biden and the coming to power of the Democrats has spurred enthusiasm for the industry. There are now high hopes for federal legalization. The U.S. stimulus plan has been passed, which means the Democrats may now turn their eyes to the cannabis space. This market pullback may have offered some breathing room to snatch up Canopy Growth.

## One more equity to snatch up in a market pullback

**Spin Master** ([TSX:TOY](#)) is the last stock investors may want to considering snatching up, as volatility has increased. This Toronto-based children's entertainment company creates, designs, manufactures, licenses, and markets various toys, entertainment franchises, and digital games worldwide. Its shares have climbed 46% in 2021 so far.

This company released its Q4 and full-year 2020 results on March 1. Revenue rose 3.6% from the prior year to \$490 million. Digital games revenue soared over 400% year over year. Spin Master achieved adjusted net income of US\$14.6 million, or US\$0.14, compared to a net loss of US\$4.8 million, or US\$0.08, in Q4 2019.

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2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:TOY (Spin Master)
5. TSX:WEED (Canopy Growth)

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