



## Worried About Stock Market Volatility? 2 Ways to Make Money From a Pullback

### Description

March is a dry time in the stock market as the focus shifts to taxation. Many investors cash out to accumulate money for their tax bill. You might see high volatility, especially among high-growth tech stocks that peaked last year. The one rule of a market correction is that the volatile stocks take the biggest hit while the resilient stocks stabilize the market. Once you know which stocks do what, you can make money in a market pullback.

### The current market scenario of volatile stocks

At present, the tech stocks which drove the stock market recovery last year are seeing a correction as the market completes one full year of the March 2020 crash. Stocks of **Shopify** and **Lightspeed POS** have corrected 25% after making a new high in mid-February. This correction comes as the retail technology companies painted a less optimistic outlook for the first quarter after a [bazooka year](#). They are experiencing a seasonal weakness and normalizing of revenue growth as the effect of the pandemic fades.

But even if you look at their normalized revenue growth rate, it is somewhere between 40%-50%. These stocks are currently trading at 50 times their sale per share. Looking at the technical indicators, the two stocks are entering the oversold category, falling below their 50-day moving average. Shopify stock is close to its 200-day moving average of \$1,363.

### The current market scenario of resilient stocks

On the resilient side, stocks of **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) fell 0.5-2.5% since mid-February. These stocks have almost recovered from the February decline. Descartes is resilient because of its predictive cash flow from a diverse customer base and a broad product offering of supply chain management and logistics solutions. Time and again, history showed that trade and logistics are the lifelines in any crisis, be it war or pandemic. Hence, Descartes's stock surged 30% (normal growth) last year when other tech stocks grew exponentially.

As for Enbridge, its predictive cash flow and no direct exposure to oil prices make it resilient. It transports oil and natural gas, but through pipelines, instead of the road, rail, air, or sea. As oil and natural gas are essential commodities, their demand won't fade for the next 20 years till renewable energy replaces them. Enbridge stock has partially recovered from the March 2020 crash and still has room for another 25% recovery. Until then, it will compensate for its cheap stock price with a dividend yield of over 7%.

## Two ways to make money in a stock market pullback

Now that you have got the idea of the stock market situation, here are two ways you can [make money in this pullback](#). I will reiterate this, buy when others are selling.

### Step 1: Make a top stock list of your own

Don't get overwhelmed by many stocks on the exchange. Too many stocks spoil the portfolio.

All you need are a handful of stocks, maybe four or five to start with. Study about the stocks, follow one or two analysts or hedge fund investors and learn from them. Prepare your list of well-balanced stock wish lists and the expected price at which you wish to buy and sell that stock.

### Step 2: Don't try to time the market

Once you have your stock wish list, follow the golden rule of investing: buy the dip and sell the rally. Don't wait for the stock to fall further than your expected price, hoping you will get a better deal. Greed comes at a high price. No one can time the market and buy at the steepest point and sell at the highest point. Trust your gut feeling and buy and sell the stocks at the price you thought of buying and selling.

Rather than timing the market, keep investing in the stocks regularly, like \$400/month. This way, you will benefit from stock market volatility. You will also buy at the dip and sometimes at a high.

A market pullback is a time to buy your wish list stocks at a discounted price. You have read about the stock and trust its growth potential. Just ensure you have a balanced percentage of growth and resilient stocks as that will mitigate your downside risk and accelerate your upside potential.

#### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

4. Personal Finance
5. Tech Stocks

## **TICKERS GLOBAL**

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:ENB (Enbridge Inc.)

## **PARTNER-FEEDS**

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## **Author**

pujatayal

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