Stop Waiting for a Correction! Here's an Under-$10 Canadian Stock That's Already on Sale!

Description

A top beginner mistake is waiting around for a market correction or crash before deploying one's cash to work in common stocks. Not only is catching the bottom in a pullback nearly impossible to do, even for a seasoned trader, but you'd also run the risk of missing out on further gains if a rally were to continue.

On average, a correction (a 10% drop in stocks) tends to happen around every year. But it doesn't have to. There could be years that are chock-full of corrections and other years that completely lack them. Heck, look to the bull run of the 1990s, and you'll see that a robust market can go not just months but years without correcting. So, stop paying too much merit to short-term forecasts by so-called experts and start investing for the long term.

As someone wise once put it, doing well in markets is all about time in the market, not timing the market. This piece of advice should stick with beginner investors throughout their investment careers.

Moving forward, we could very well fall into that market correction that's so "overdue." Or markets could continue blasting higher on the back of higher earnings against incredibly favourable year-over-year comparisons. Add lower rates into the equation (the 10-year note yield recently fell below 1.1%), and I think the "upside risks" (the risk of missing out on upside) are far greater than downside risks, especially for beginner investors who are still young.

Don't wait for the next correction. Scoop up bargains as they come!

While market corrections tend to hit when people least expect it, I'd argue that it's smart to find the right balance such that one's upside and downside risks are in proper balance. That means getting and staying invested, despite all those "correction warnings" on TV. But it also means keeping a percentage (5-25%) of your wealth in dry powder for once it rains again. What that percentage depends on your comfort level and how much pain you'd be willing to take come the next inevitable pullback.

Undoubtedly, Monday's COVID-19 pullback smelled like the beginning of a more ominous downturn. But with markets surging back on Tuesday, effectively offsetting the prior day's damage, those who didn't buy the dip yesterday are now left with the option of buying at higher prices or waiting for the next round of panic selling.

In any case, I think investors would be wise to tune out from market strategist predictions and focus on individual businesses themselves. Many firms are bound to face stellar earnings over the coming months. As such, it'd be wise to spot the names that may not have priced in such a bottom-line boom.

Goodfood: A great under-$10 stock that's down nearly 30% from its high

Consider shares of **Goodfood Market** (TSX:FOOD), a Canadian meal-kit delivery firm that many expect will suffer from a terrible hangover once the Canadian economy reopens for good. Yes, the inherent value of meal kits is worth more to consumers when weekly grocery shopping rounds run the risk of contracting the insidious Delta variant of COVID-19.

With Canada winding down from its third wave, many people will feel better about going out, and many will cancel their meal kit subscriptions. Still, I think investors underestimate the "stickiness" of Goodfood's convenient offering and its ever-improving roster of deliverable grocery items. Moreover, with much savings to put to work on discretionaries and conveniences, I think Goodfood could actually defy the doubters and continue surging in a post-pandemic environment.

And if you're worried about the Delta variant and its potential to cause another round of lockdowns, Goodfood is a great hedge.

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Date
2025/08/23
Date Created
2021/07/21
Author
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