



Don't Time a Market Correction: Here's Where to Find Value on the TSX Today

Description

September has gotten off to a pretty [rocky](#) start, and if history is any suggestion, October will be no better. While the stock market recently broke its losing streak, I'd be willing to guess that all these bearish market strategists are not going to back off until that inevitable correction finally hits. Call it the most expected and anticipated correction, if you will. We are long overdue. There's no question about that. But it's in the nature of a market correction to be surprising.

With the **S&P 500 Composite Index** off just over 2% from its high, many investors feel [rattled](#). It's been a while since stocks dragged like this. But at this pace, don't expect the prophecies of bearish strategists to come to fruition, even though the odds are on their side.

Don't time market corrections

Great investors couldn't care less about near-term projections or the futile attempt to dodge and weave past the inevitable corrections that come up. Throughout your investment career, you'll likely see more than a dozen corrections (that's a 10% drop from peak to trough). While you may be spared a few market corrections, odds are you'll feel the same magnitude of pain, if not more pain, once it hits from out of nowhere.

You see, market corrections are very hard to predict with any degree of accuracy. Any attempt to make it through one unscathed is likely a wasted effort. Instead, investors should embrace corrections by treating them as annual (or at least somewhat annual) "sale" on merchandise across the board. Treat this as a correction, not as something that's to be dreaded, but something to be prepared for, like a Boxing Day blowout. With just enough cash on the sidelines to take advantage of the dips, you'll find that you'll be more numb to every correction that's thrown your way.

If you don't have any cash on the sidelines, then sure, a correction is dreadful. But as long as you've got a long-term mindset, such corrections are less meaningful in the grander scheme of things! They're a small bump in the road that should be expected along the journey of an investor.

Undoubtedly, there's a great cost associated with hoarding piles of cash in your accounts. Inflation is

on the higher end these days, and it could continue to take a larger and larger bite out of your wealth. Still, it's worthwhile to keep at least some cash on the sidelines and take the inflation hit so you'll be ready for the real bargains once the correction finally does strike.

CN Rail: Close to a correction

For those looking for deals today, **CN Rail** ([TSX:CNR](#))([NYSE:CNI](#)) strikes me as a great deal after plunging over 8% from its early September peak. The value-destructive deal is off the table, yet there's a bit of worry over the potential for an activist investor's push for a proxy fight to replace CN's CEO, Mr. J.J. Ruest.

There's no question it's been a dramatic year for CN Rail. The drama is poised to continue moving forward, as we move from a bitter bidding war to a proxy battle that could trigger a potential management shuffle. In any case, I view the recent pullback as a great buying opportunity for long-term thinkers who seek a stock that's closer to a correction than the broader markets.

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