2 Canadian Stocks I'd Look to Buy in a Volatile October 2021

Description

The markets are moving into October 2021 with wobbly legs. Undoubtedly, the pain and volatility from September are likely to continue over. With rates jumping, Fed uncertainties, **Evergrande** woes, COVID pressures, and questionable broader market valuations, it's a pretty spooky time for beginner investors and other market newcomers.

With a 4-5% correction already in the cards, the top question on the Street these days is whether things are going to get worse. And if so, how much worse? Indeed, investors want bargains, but they don't want to have to feel the full impact of any further downside. Having a look at various market strategist forecasts, we could be in for a 5-20% peak-to-trough correction or a rally as high as 10% by year-end. Now, these are strategists at the big banks, and their range is ridiculously wide.

Either the bull or bear camp are going to look like geniuses once 2022 rolls in. But which camp should you subscribe to? Both. The degree of unpredictability is arguably at a local highpoint, and at this market crossroads, things could go either way in a hurry. If the bull case pans out and we're due for a significant rally into year-end, missing the latest 4-5% pullback will hurt, especially cash-heavy young investors who can afford to take the risk. On the flip side, if the bears are proven right, those who exhaust their cash reserves by buying this half-correction could be left sitting on the sidelines, as even better bargains come rolling along.

What's the next move? A 20% correction? Or a 10% bounce?

What's likelier, a 20% pullback or a 5-10% rally? It's impossible to tell. There are intelligent people on both sides of the spectrum as we head into October 2021. Either case could pan out, and that's why it's important to hedge your bets in case either "extreme" case ends up happening. Moreover, how bullish or bearish you should be may also depend on your unique situation. Would it be more painful to miss out on a year-end rally having not done much or any buying on this dip? Or would not having enough dry powder in a 10-20% selloff hurt more?

Arguably, the risks of missing out on further upside would hurt for younger investors like millennials, while the downside risks are a greater concern to those who are closer to retirement. The good news is, you don't need to subscribe to the bull or bear thesis here. You can ease the potential pain of both possible extremes by being a cautious bull or a reluctantly invested bear. That way, you'll be content with whatever ends up happening next. Surprises, both positive and negative, will surely be in the cards. So, it's important to be prepared.

Great bargains exist going into October 2021

If you're a cautious bull, it may make sense to reach for names in the crosshairs of this selloff. Think **Shopify**, which plunged nearly 5% on Tuesday's rate-induced, tech-focused selloff. The e-commerce kingpin still has ample tailwinds, with fundamentals that have little changed from last week. If history is any suggestion, buying the dips in shares of SHOP is a very smart move for investors with a horizon beyond two to three years.

And if you're a reluctant bear, consider a name like **Barrick Gold**, which could help your portfolio dampen the next big drop. Indeed, Barrick pays a nearly 2% dividend yield, and with a low correlation, the odds that shares will be up on a huge down day are higher than almost any other name on the **TSX Index** these days.

Finally, if you're neutral, Shopify and Barrick may prove to be a solid combo at these prices.

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