



1 TSX Stock to Watch Right Now Before the Market Rallies

Description

The **TSX Index** has been quite resilient thus far in 2022, off around 3% from its all-time high, while the U.S. **S&P 500** and **Nasdaq 100** are deep into a correction. The latter index is attempting to recover from a horrific move into bear market territory, a 20% decline from peak to trough. Indeed, the euphoria and speculative appetite from 2020 and part of 2021 has dissipated in a violent fashion. This goes to show that beginner investors must learn the game of investing and diversify their way through volatile times en route to higher levels over the long run.

By chasing gains, one stands to surrender a considerable amount of principal. Remember, the higher or faster a stock or any other marketable security climbs, the greater the chances of a devastating crash. Indeed, a quick move much lower is needed, and if you're able to avoid the siren song of momentum stocks, you don't have to worry about the recent correction that's been so heavily concentrated in the names that doubled up many times over just over a year and a half ago.

Speculative tech crash may yet to have bottomed. But don't hold off on value plays

At some point, we'll hit a level where even the hardest-hit growth stock will bottom and bounce back sharply. Indeed, speculative tech surged on Thursday's session of trade, as the risk appetite returned. Could it be that such stocks have bottomed, as **JP Morgan's** Marko Kolanovic is led to believe? Or could more pain be ahead? It's tough to tell. I do think that most of the pain is behind us. That said, there's a lot of pain in the rear-view mirror when it comes to stocks like **Shopify**, which nearly shed 70% of its value as a part of this [horrific](#) sell-off!

As Shopify attempts to bottom out (I think it's close to a bottom), investors may wish to nibble their way in. For most prudent investors, I recommend keeping it [simple](#) with boring stocks that will allow you to sleep comfortably at night. The recent bounce is encouraging, but there's a real chance it could be another sharp head-fake, like the one experienced in January 2022. Three straight sessions in the green does not indicate a bottom. In fact, it may be a chance to take profits and do a bit of re-allocation of capital into names you'd be more comfortable holding through another few rounds in the ring with a

Mr. Market who could have the bear standing in his corner!

Real assets for real returns in 2022?

Of course, the TSX has mostly been spared, given its value-orientation. I expect more of the same. Stocks like **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) are likely to act as pillars of stability in this choppy market. The diversified alternative asset manager is off over 10% from its high despite being one of the more intriguing cash-flow-generative growers out there. Down over 9% year to date, I think the high-quality basket of real assets is due for a bounce, regardless of where rates head and what speculative tech does next.

Indeed, the appetite for real, alternative assets could rise to new highs, as prudent investors look to put money to work to avoid the hit of inflation. Brookfield is a very high-quality banner, with enviable assets. After being dragged down more than the TSX, I would not hesitate to be a buyer right here. The 1% dividend yield is just an added bonus!

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Date

2025/09/13

Date Created

2022/03/18

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