How This Stock Market Selloff Can Help You Retire Early

Description

If you've been following the news lately, you must be aware of how the stock market selloff has intensified after big U.S. retailers indicated signs of high inflation hurting their earnings. Usually, a big market selloff takes place only after a long period of high volatility triggered by big macro concerns.

Inflationary pressures affecting corporate earnings and hurting consumer spending, continued supply chain disruptions, and geopolitical tensions are some of the key macro concerns that have kept the stock market extremely volatile in the last few months. Despite all this negativity, there is something good about the ongoing market selloff. Let me explain.

A stock market crash is not unusual

First of all, it's extremely important for investors to understand that the stock market never goes straight in one direction. The market's each big upside move is always followed by a sharp downside correction. That's why if you think you are the only unlucky investor sitting on big losses right now, trust me, you're not alone. A large number of newbies as well as experienced investors are finding themselves in a pickle amid the ongoing market crash.

Don't let market selloff erase your potential profits

Apart from choosing stocks to invest in carefully, the key to making a fortune from the stock market is to remain invested for the long term. This is one of the key reasons why the world's most successful investors of our time — including Warren Buffett — have always encouraged people to invest for the long term and avoid the short-term market noise. If you give up now, it's very likely that you are giving up on big potential profits that you might make in the long run by remaining invested, despite adverse market conditions.

It could help you retire early

Apart from investing in the right stocks for the long term, stock investing could yield outstanding results if you always buy stocks at a bargain. And what could be a better time for you to start buying stocks than now — when most high-growth stocks in Canada are trading with massive losses. While the broader market has started collapsing in the last few weeks, a big meltdown in high-growth tech stocks started months back in December 2021.

Some bears around you, during the ongoing market selloff, might tell you that these declining growth stocks are not worth buying. However, nothing major has changed in the long-term outlook of most of these fundamentally strong stocks. So, if you buy such stocks with your hard-earned savings when they've fallen 50-80%, you could massively boost your potential long-term returns, which could help you retire much earlier than you think and with more money than you planned for your retirement.

To give you a quick example of such high-growth stocks, the shares of **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD) currently trades at around $26 per share, with nearly an 80% drop in the last seven months. It hasn't been very long since this high-growth stock was trading above $150 per share in the second half of 2021. And even at that price point, LSPD was one of the most desirable high-growth tech stocks in Canada for most growth investors.

The ongoing growth trend in its financials looks very impressive, as the company hasn't missed analysts' top-line estimates for even a single quarter since it went public in March 2019. That's why buying this or any such cheap high-growth stock could let your savings multiply fast for your early retirement.

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