Market Correction Recovery: 1 Stock I'm Buying in Bulk

Description

It became official last week. The **TSX** fell by 10.8% from the heights on March 29 of this year, bottoming out and starting a climb once more. It's led to stronger investor sentiment, but the question is, where?

It's no longer the strong days of growth stocks. Inflation and rising interest rates have Canadians being a bit more careful with their money. But that doesn't mean you can't take advantage of what's going on today.

What happened?

After the market correction hit last week, shares have slowly but steadily been climbing upwards. Shares are up 3% since the bottom hit on May 12. But what does that mean in terms of past market corrections?

While there is absolutely no way to plan a market bottom, we can look to historical performance to see how we might plan for the future. Let's look at the market correction that hit back in 2018, before the pandemic crash in March 2020.

Shares first dropped by 8% on the TSX in January 2018, rebounding by February. Then another drop came, marking the first market correction by October of the same year. After a brief recovering, the super low came in December with the market falling by over 15% from peak to trough. Then the true climb came, with a full recovery and bullish market achieved by April of 2019.

What can we learn from this?

What can we take away here from what's already happened in 2022? November was when growth stocks started to get shaky, with shares falling first by 5% before recovering ahead of the holiday season. We then saw a few more peaks and valleys around 4% before hitting the highest point in March. From there, it's been a straight shot downwards … until now.

So, while this means we've had some dips along the way, there are two scenarios here. November could have been our January 2018, with this market correction our December 2018. Or this could be the first dip of a few more to come, and, unfortunately, the next dip could be even larger.

What should you do? Note that in either case, shares returned to pre-fall levels. That means we are still in value territory. Even if the market falls again! You could certainly see your shares bring in strong returns. But not every stock is created equal.

The one stock I'm buying

The Big Six banks have always done well coming out of recessions, economic downturns, and even the pandemic. Therefore, I'm looking at **BMO Equal Weight Banks Index ETF** (TSX:ZEB) right now. It aims to reflect the performance of the Big Six banks and offers a dividend while you wait.

Shares are down 11% since March 29 and up about 3% in the last week. That's around what the TSX has done as well. Longer term, shares are up 47% in the last five years alone. So, that's significant growth during a very volatile period and something I want a piece of.

To make back some of those losses from growth stocks, I'll be making ZEB a top priority for my investments. And, frankly, Motley Fool investors should think about doing the same.

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