



Down by 27%: Should You Buy Magna International (TSX:MG) Stock Today?

Description

The market pullback has been devastating for investment returns across the board. The **S&P/TSX Composite Index** is down by 8.56% from its March 2022 high, and many investors are panicking. Savvier investors with a long-term investment horizon might look at the downturn as an opportunity to pick up shares of [undervalued stocks](#) at attractive discounts.

Magna International (TSX:MG)(NYSE:MGA) stock saw its share prices take a massive hit this year. At writing, the auto parts manufacturer stock trades for \$78.86 per share, representing a massive 27.69% year-to-date decline.

The stock has started gaining some momentum on the stock market again. Magna International stock climbed by 6.54% between May 12 and May 20, 2022. However, it is still down by almost 30% from its January 17, 2022, high. Volatility in the stock market will likely continue to make investors wonder whether the stock could be worth adding to their portfolios today.

Let's take a better look at what is happening with Magna International stock to help you make a more informed decision on investing in the stock.

What caused the decline?

Magna stock is one of the many growth stocks that benefitted from the surge in demand for electric vehicles (EVs). The company produces vehicles itself, but its partnerships with some of the biggest EV makers worldwide propelled its performance, as evidenced by its stellar growth in the last year. Additionally, the company has more joint ventures designed to help it leverage the EV boom.

The company has also expanded into internal combustion engine vehicles to take advantage of near-term growth. Magna has been facing issues with the semi-conductor shortage impacting its revenues. The semi-conductor shortage limits the company's room for growth.

Was Magna stock oversold?

Magna International stock's 52-week high valuation was a massive \$126. Trading for less than \$80 per share at writing, the auto parts manufacturer saw a substantial decline in its share prices. Many analysts believe that the stock was oversold.

Considering the overall macroeconomic situation and broader economic uncertainty, Magna stock could be expected to face further challenges in the short term. However, investors believe that it could outperform the broader market at current levels. The company is wading through the pressures created by the global semi-conductor shortage and geopolitical tensions.

However, the demand for its service remains high, and its long-term prospects appear to be solid. It could be a great value bet for long-term investors seeking high-quality assets for their portfolios at discounted share prices.

Foolish takeaway

Stock market investing is inherently risky, and investing in growth stocks might not be ideal during volatile market conditions.

Analysts predict that Magna International stock could make a significant recovery in the coming years due to strong demand for EVs.

If you are willing to assume the risk and stomach the short-term volatility that might lie ahead for Magna International stock, it could be worth adding to your investment portfolio today.

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Author

adamothonman

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