



## Why Is the Stock Market Selloff Still Ongoing?

### Description

For months now, the stock market has been selling off, impacting the valuations of almost every publicly traded Canadian business. For many companies, the stock market selloff began this year. However, some stocks, such as those in the [tech sector](#), have been selling off since late last year.

Before last Friday's selloff and the continuation that we're seeing this week, many stocks were already cheap. Despite tonnes of attractive valuations across markets, they continue to sell off.

Various factors impacting stocks are causing the panic and selling by investors, including the war in Ukraine. But why is the stock market selloff continuing to amplify, considering that nothing new has impacted the economy in recent months?

The answer is that right now, the market is essentially taking a wait-and-see approach. [Inflation](#) is surging, and interest rates are rising rapidly as a result, but nobody knows what's going to happen next.

The tightening of monetary policy could end up cooling inflation and allowing the economy to grow at a healthy pace again. However, there's also the possibility that it could cause a recession, which has a lot of investors on edge.

And so far, despite interest rates rapidly rising this year, we've seen hardly any sign of inflation cooling off.

Therefore, it continues to look like the economy will be impacted for some time, and, as a result, investors continue to dump their shares, and the stock market sell off continues to persist.

## Should you be selling stocks, too?

It's not unusual to consider selling stocks in this environment. That's everyone's natural reaction. However, in reality, now is one of the worst times to sell stocks, as valuations continue to fall.

Instead, if you have cash sitting on the sidelines, these opportunities are some of the best chances to

buy stocks.

Sure, the economy may get worse before it gets better, and stocks could even continue to get cheaper for some time. However, we don't know for sure whether that will happen, and we don't want to try and speculate about how stocks will perform over the coming months and whether or not the stock market sell off will continue.

Therefore, the best thing to do in this situation is to find high-quality stocks that you'd be comfortable owning for the long haul. Then when you see these stocks trading at a compelling valuation, it's time to pull the trigger.

This way, we ensure we own high-quality companies in case the economy gets worse before it gets better. In addition, we gain exposure at an attractive value that should allow us to grow our capital at an attractive pace over the coming years.

## What are the best stocks to buy in this stock market selloff?

Because the stock market sell off has been going on for months now, there are tonnes of high-quality companies offering value.

Even some of the most defensive businesses have been selling off lately, creating ample opportunity for investors.

For example, **Jamieson Wellness** ([TSX:JWEL](#)), a defensive health and wellness stock, announced an attractive acquisition last week that immediately sent the share price higher, as well as numerous analyst expectations. However, in the volatile market the last few trading days, it's sold back off once again, offering investors attractive value.

**Dollarama** is another excellent stock for this environment; it has also seen its share price falling lately.

Perhaps one of the best opportunities to buy a high-quality stock during the market selloff is with **Granite REIT**, one of the best long-term growth stocks in Canada. Granite now trades nearly 25% off its high and offers incredible value for investors willing to buy and hold for years.

So, although the stock market selloff can seem scary at first, as long as you keep a long-term mindset, you can use the opportunity to substantially improve the long-term growth potential of your portfolio.

### CATEGORY

1. Investing

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1. TSX:JWEL (Jamieson Wellness Inc.)

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