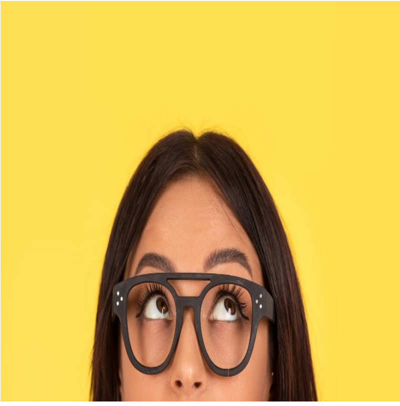

3 Foolish Tips to Remember in a Market Correction

Description

Last week, the **S&P/TSX Composite Index** officially entered bear market territory. It shared that quality with the **S&P 500** in the United States. Both the Bank of Canada (BoC) and United States Federal Reserve have pursued an aggressive policy of interest rate hikes in order to beat back inflation in 2022. That, in turn, has stirred volatility for major markets. Today, I want to go over three tips that Foolish readers should remember in a market correction. This could help you meet the challenges of the current bear market and weather future volatility. Let's dive in.

Stocks are on sale in a market correction

Investors do not have to look that far back to see how the previous market correction shook out. In February and March of 2020 North American and global markets were throttled, as the COVID-19 pandemic rattled our societies. However, Canadians who panicked and failed to capitalize on the pullback robbed themselves of huge gains down the line. It is important to note that a bear market provides a great opportunity to snatch up equities at friendly price points.

Cogeco Communications (TSX:CCA) is a TSX stock that is worth your attention in this turbulent climate. This Montreal-based communications corporation operates across North America. Its shares have plunged 6.3% week over week as of close on June 20. The stock has dropped 20% year over year.

We can expect to see Cogeco's next batch of earnings in July. This dividend stock possesses an attractive price-to-earnings (P/E) ratio of 10. It also has an RSI of 23, which puts Cogeco in technically oversold territory. Moreover, Cogeco offers a quarterly dividend of $0.705 per share. That represents a 3.1% yield.

Foolish investing should be flexible

It is wise to be flexible when determining your strategy in a volatile market environment. For example, if you were a growth-oriented investor at the start of this decade, you may want to adopt a more balanced approach in the near term. That could mean taking profits in some of your favourite growth stocks and reinvesting those gains in a dependable dividend stock like **Hydro One** (TSX:H).

Shares of Hydro One have dropped marginally in 2022. This top utility has remained resilient in the face of the sharp market correction. It possesses a favourable P/E ratio of 19. Moreover, investors can count on its quarterly dividend of $0.28 per share, which represents a 3.4% yield.

Forget the market correction: The arc of the market bends toward long-term gains

This is the most important tip for readers to take in. The modern era of the stock market has demonstrated that patient investors who stick with high-quality blue-chip stocks will be rewarded. Yes, there will always be bouts of turbulence to weather. But, over the long haul, investors who keep their money in the market will always win out. That is especially important in this inflationary environment. Sitting in cash is simply too costly right now.

Don't believe me? Look at an exchange-traded fund like **iShares S&P/TSX 60 Index ETF**. It tracks the performance of Canada's largest publicly traded companies. The ETF has delivered average annual returns of 7.6% since its inception in 2006.

You can also look at a top bank stock like **Royal Bank** (TSX:RY)(NYSE:RY), which is the largest TSX stock by market cap. It has dropped 7.9% so far in 2022. The stock dipped below the $80 mark during the 2020 market correction. Shares of Royal Bank are trading at $125, even after the most recent dip. Investors can place their trust in profit machines like the top Canadian bank stocks to deliver over the long term.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:CCA (COGECO CABLE INC)
3. TSX:H (Hydro One Limited)
4. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aocallaghan
2. kduncombe

Category

1. Investing

Date
2025/08/17
Date Created
2022/06/21
Author
aocallaghan