



Investing Strategies for Canadians in an Uncertain Economy

Description

The U.S economy is suffering from the lowest [consumer confidence](#) in 16 months, as consumers expect a weak outlook due to rising gas and food prices. Their plans to buy a car, home, or go on vacations have cooled since the start of the year. They could continue to cool, as there is uncertainty around rising prices. Fears of a recession have weakened investor confidence, pulling down the stock market.

In these uncertain times, certain [investing strategies](#) can help you make the most of market bearishness.

Investing strategies for an uncertain economy

The stock market has something for everyone. It is a make-your-own portfolio as per your risk appetite. It depends on how hungry you are. There are dividend stocks and growth stocks. If you are not sure, there are standard indexes as well.

When there is economic uncertainty, tread with caution. Only invest the money you don't need for emergencies. However, some investing strategies can prevent you from making the biggest investing mistakes and help you make smart decisions.

Staying invested

The biggest mistake most investors make is panic sell. You see your stocks that are going deep in the red. Some of these are good stocks that you sell for a loss. I'm not saying selling is wrong. But before you sell a stock, ask some questions. Does the company have the ability to withstand the crisis? Does the company's product have market demand, and does the company have the means to fulfill it? If yes, then stay invested. A crisis is a rough patch, and companies with low and manageable debt have a higher probability of surviving and rebounding.

If you own **Constellation Software** ([TSX:CSU](#)) stock, stay invested, even though the stock has

slumped 19% from its high. This dip is because of market weakness, but the company's fundamentals are intact. Constellation could take this opportunity to buy vertical-specific software firms at attractive prices. Little patience in a downturn can save you a 20% loss and continue your long-term growth in recovery.

Disciplined investing

While you should not make haste in selling, you should also not make haste in buying. The stock market is gradually falling, and you can make the most of it by investing a little weekly or monthly. If you choose to invest monthly in **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) throughout the market dip, it will reduce your average cost.

When Magna stock jumps with the return of the electric vehicle (EV) revolution, your overall returns could be greater than what they would have been in hasty bulk buying. Moreover, you can lock in a higher dividend yield with every drop.

Dividend investing

Dividends are an efficient way to tackle the anxiety of losing money in a downturn. The market dip has made several high-quality dividend stocks cheap and increased their dividend yields. This is a good time to invest in dividend stocks like **SmartCentres REIT** ([TSX:SRU.UN](#)) and lock in a 6.8% yield. The REIT has paid stable monthly distributions through the 2009 and 2020 crises and can continue to do so in a looming recession. You can also enjoy capital appreciation in a market recovery.

Market ETF

An effective way to make the most of the bear market is by investing in market [ETFs](#). Even Warren Buffett recommends this strategy, because individual stocks may fail, but the market will recover. **Horizons S&P/TSX 60 Index ETF** ([TSX:HXT](#)) is an efficient way to access the price movement of the top 60 stocks on the TSX by market cap. While the ETF may not beat market returns, it can enhance your returns if you buy at the dip.

Bottom line

Investing is an all-season activity if you play the strategies well.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:HXT (Horizons S&p/tsx 60 Index ETF)

4. TSX:MG (Magna International Inc.)
5. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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