



Should You Buy Stocks Now or Wait? Here's Warren Buffett's Advice

Description

When stocks sell-off, investors know it's a great opportunity. In fact, Warren Buffett, one of the best investors of all time, has a quote that says, "Whether we're talking about stocks or socks, I like buying quality merchandise when it is marked down."

Many investors would agree that these environments are excellent opportunities to buy stocks. Nonetheless, it can still be tough to decide when exactly to buy and what to buy.

On the one hand, you don't want to buy too early during market sell-offs, only for stocks to continue falling and offering better discounts in the future. On the other hand, you don't want to be too greedy and wait too long, or you could miss the dip altogether.

Undoubtedly, you can easily overcomplicate the matter by thinking about too many factors, Or you can take Warren Buffett's advice on how and when you should buy stocks.

Should you buy stocks today or wait?

Buffett has an extremely famous quote that says, "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

There are a couple of takeaways investors can learn from this. First, just because there are some significant deals on the market today doesn't mean they are the best investments you can buy.

Secondly, once you have a list of the highest-quality businesses that you're interested in buying, you can begin to invest in them once you believe they are trading at a fair value. And in this environment, many stocks are trading at or below their fair values.

Buffett has said, "Don't pass up something that's attractive today because you think you will find something better tomorrow."

So when you see high-quality stocks that you can buy and hold for the long haul, such as **BCE** trading

just off its lows, roughly 20% off its highs, while offering investors a yield of more than 6.2%, it's certainly worth considering adding to your portfolio today.

Undervalued stocks

While the market has yet to recover, some stocks already offer less of a discount than they did earlier this year. **Aritzia**, for example, sold off with the rest of the market to start the year. But after consistently posting solid results, the stock trades just 15% off its highs today compared to 45% back in June.

Even as interest rates have continued to increase and the market continues to sell off, some high-quality stocks are already seeing a minor recovery. So it's crucial to buy the best stocks as soon as you believe they're trading at [undervalued](#) prices.

Without a doubt, this market offers great opportunities, and you can certainly find many high-quality stocks trading at or below their fair value. Still, you must understand how the company makes money before you buy any stock.

Warren Buffett advises to only buy stocks that you understand

Two of Warren Buffett's most [famous quotes](#) are directly related. In the past, he's said, "Risk comes from not knowing what you are doing." Moreover, he's advised, "Never invest in a business you cannot understand."

Understanding any company you plan to buy and hold is crucial to make the best investing decisions possible. If you don't understand a stock, there's no way for you to accurately gauge what its fair value is, which is crucial to buying and selling stocks.

One stock that's ultra-cheap today and has a business that everyone can understand is **InterRent REIT** ([TSX:IIP.UN](#)).

InterRent is a REIT that owns residential properties such as apartment buildings in Ontario, Quebec and B.C. It's a straightforward business that many Canadians can understand and an industry worth investing in for the long haul.

Plus, in addition to InterRent being a high-quality growth stock, it's also trading at its lowest level in over four years.

The low stock price makes it an enticing opportunity to buy InterRent. Investors can gain exposure to its high-quality assets while they trade well below fair value.

Below \$11 per share, InterRent trades at just 22.7 times its forward adjusted funds from operations (AFFO), the lowest it's been since the beginning of 2018. Furthermore, its yield is approaching levels not seen since 2016, making it a high-quality undervalued stock you can buy right now.

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