Is Now a Good Time to Invest? 3 Reasons To Get Started

Opinions expressed by *Entrepreneur* contributors are their own.

Thanks to record-high inflation, geopolitical instability and the first interest rate increases in years, the current market is, simply put, incredibly volatile. Existing investors are making strategic changes to their portfolios, and new investors are unsure if they want in at all. But for those fortunate enough to have disposable funds, is now the right time to get started?

Here are three reasons to wade in — slowly.

1. Time in the market is better

than timing the market

Generally, *when* one starts investing isn't as impactful as *how long* one invests. With a long enough time horizon, a well-diversified portfolio, and the power of compounding, portfolio volatility usually smooths out. This has been historically proven repeatedly as it pertains to the stock market.

By contrast, "timing the market" or waiting for stocks to hit a new low or drop from recent highs so that an investor can snag a bargain is risky. Short-term market behavior tends to be unpredictable, with current trends reversing on a dime. Waiting for the "perfect" moment to invest may mean passing up potential gains.

In other words, for many traders in waiting, now is as good a time as any to invest because markets are down. But exceptions may arise for those who need their money soon, as a short-term downturn can wipe out a portfolio overnight. If you are a new investor looking for a long-term "buy and hold" strategy, this is one of the best times to enter the markets and begin investing.

Related: **Create More Wealth by Playing the Stock Market**

2. Downturns leave more room for growth

Many investors view short-term volatility as a risk that negatively impacts their portfolio. In the short term, this is true: volatility often drags down the total value of one's investments.

That said, one of the primary ways that the stock market generates returns is when investors buy low and sell high. And what better way to profit off large price differences than buying in when the market swings downward? Forget timing the

market – a good strategy for long-term growth is to buy when the market is down.

It may help to view market volatility as a form of bargain hunting. By buying high-quality investments when they go “on sale,” investors can increase their future profit margins when the market recovers. The trick is sorting the junk from the gems.

Related: **How To Start Investing**

3. The market will perform sooner or later

There’s no guarantee that any individual security will turn a profit. But historically, given enough time and increased economic activity, the stock market always performs – eventually.

That said, the time between a crash and recovery varies widely, and it certainly cannot be forecasted when that will happen. As such, pinpointing how long investors have to wait to realize gains is nearly impossible.

For instance, most stocks took 12 years to recover following the Great Depression. But during the COVID-19 pandemic, many stocks recovered within just four months. This a sobering reminder that there is no way to time bull or bear market cycles and that a market recovery can even mount in some of the worst economic conditions.

Related: **Why You Should Invest in Mutual Funds vs. Individual Stocks**

Start slowly to establish good

habits and “feel out” the market

So, is now the right time to invest? For investors who aren’t on the cusp of retirement, the answer may be yes. Every investor should consider their risk tolerance and time horizon before deciding when and where to invest. Starting slowly can ease new investors into the market without introducing excessive risk.

Novices may also start simply with a dollar-cost averaging method, which involves investing small sums at regular intervals to even out the market’s ups and downs. While it’s not as exciting as day trading, dollar-cost averaging reduces the temptation to time the market and can even lead to more significant gains for investors.

As scary as the current market may seem, competent investing is less about day-to-day developments and more about the future. Be strategic, stay focused, and only risk what you can afford not to touch over the future.

https://www.entrepreneur.com/article/427621