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# The 'correction' is here, and Canaccord's Tony Dwyer says buy it

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A correction may be coursing through the stock market, Canaccord Genuity chief market strategist Tony Dwyer says, but he isn't turning bearish.

In fact, Dwyer may be more bullish than ever.

He predicts the markets are on pace to have a deep sell-off, and then vigorously bounce back.

"Can this be something much more significant than a 'typical 4 to 7 percent correction?' Our view is that it shouldn't be," Dwyer said Monday on CNBC's **"Trading Nation."** "There is nothing in the evidence that I can find at this point that would suggest that the backdrop is ripe for any kind of significant and sustainable drop in economic activity."

By the end of the year, he estimates the **S&P 500** will be at least 3 percent higher from current levels. Next year looks even brighter. He has a 2,800 target on the S&P 500 — a 15 percent jump from the current level.

"Ultimately, the market correlates to the direction of earnings. That direction of earnings is driven by economic activity, and that looks positive for the next few years," Dwyer said.

The S&P 500, **Dow**, **Nasdaq** and **Russell 2000** are on pace for their worst month since October. The S&P 500 and Dow barely broke a two-day losing streak on Monday while the Nasdaq finished in the red for its third-straight negative day.

In a July 28 note, Dwyer said a **correction was in its early stages**. He said extreme overbought conditions for stocks, historically low

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volatility and a "toxic political environment" were setting the markets up for a short-term sell-off.

Dwyer believes the best strategy is to tune out the noise from Washington and focus on the fundamentals.

"The animal spirits are alive," Dwyer said. "Companies and households know at this point with a Republican president and a Republican Congress, you are not going to get increased regulation and increased taxes. That knowledge of those two things is actually a tailwind."

**Do you think a correction is underway?**

- Yes
- No
- Not sure

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**The full interview with Canaccord's Tony Dwyer**

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**Stephanie Landsman**  
Producer, CNBC's "Fast Money"

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