

Marc Faber Predicts Markets Will Fall Over 30%: Which Stocks Should You Buy?

Description

Longtime bear Marc Faber is known for his contrarian investment views, which is how he earned the name “Dr. Doom.” Over the last few weeks, Faber has been continuously predicting a “correction” in equity markets of over 30% when talking to financial news channels including CNBC and BNN. Although Faber has also built a reputation as ‘the boy who cried wolf’ in the eyes of many market enthusiasts, the rate at which equity markets are currently selling off makes me wonder if there is some truth in his bold statements.

The S&P/TSX Index is at multi-month lows after losing about 11% in six weeks. This comes as our neighbours south of the border are witnessing their markets wipe out all their gains for 2014.

It does seem scary. But should investors really be afraid? I continue to think not. I’ve said it before, and I’ll say it again: such a selloff in the markets is rather normal, and might I add, healthy. It’s been a while since we’ve seen the markets erase some gains and many traders expected such movements. Add to that seasonal volatility, ebola scares, slowing growth in Japan, and oil price declines and its only natural for investors to get the jitters.

But while Faber sees gloom and doom, Warren Buffett’s motto is to “be fearful when others are greedy and greedy when others are fearful.” And that’s a concept I agree with strongly. After all, it’s hard to disagree with one of the most legendary investors of our time.

Investors should take advantage of these prices and buy stocks instead of selling them. Take a step back and think about the crash markets witnessed in 2008. If you had bought in at those lows and sold those shares in today’s market, you’d still be pocketing a decent profit. The same theory applies today.

I’ve always been an advocate of precious metals and gold and silver mining stocks. And I think now is a great time to own shares of **Eldorado Gold Corp.** ([TSX: ELD](#))([NYSE: EGO](#)). This intermediate mining company has assets in Turkey, China, Greece, Brazil, and Romania and owns and operates seven mines and counting.

Since the beginning of the year, the stock has posted about 45% returns and is the fifth best performing company in the gold mining space. Muted gold prices do not affect this company as it is a pure play on gold. Furthermore, Eldorado Gold has one of the best balance sheets in the industry.

I’ve [mentioned this a few months ago](#) that Eldorado is a great long-term stock to buy and hold on to for three to five years. It currently pays a modest dividend yield of 0.2% as most of the profits are used to fund growth opportunities. It does not depend on credit or equity markets to pay for this. The company also has a bunch of projects that are due to be completed in the next year that will add to its revenue. And at current valuations, it’s great value for money.

CATEGORY

1. Investing

2. Metals and Mining Stocks

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1. NYSE:EGO (Eldorado Gold Corporation)
2. TSX:ELD (Eldorado Gold Corporation)

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