



Is Now the Time to Buy Shares as Trump Wins?

Description

The world is in shock. The unthinkable has happened. Trump has won. Donald Trump really is on course to be the next President of the United States, after the most divisive US election ever.

Markets are “roiled” by this stunning result.

Being roiled

Trading was halted in the S&P 500 futures after they dropped 5%, while Dow futures plunged a whopping 800 points.

The dollar slumped, as the chances of the US Federal Reserve hiking rates in December reduced sharply. The FTSE 100 fell almost 3% on its open, then went on a roller-coaster ride up and down.

Dollar-denominated gold and silver are shining and safe haven assets are soaring, as the world goes into meltdown.

There is only one thing you can do about it – buy shares.

Ship of Fools

The world may have turned upside down over the last year, with president-elect Trump and Brexit its most obvious manifestations, but our Foolish wisdom still holds true.

When stock markets are crashing around your ears and all everybody wants to do is sell, sell, sell, it is a great time to buy shares.

The market goes into panic mode from time to time, but it always recovers in the end. In the meantime, you have a great opportunity to pick up your favourite stocks or indices at temporarily reduced prices.

Sense of balance

Right now, you may think that the market is only ripe for speculators, but you would be wrong.

This is an ideal opportunity for long-term investors — I'm thinking those who plan to hold for five, 10, 20 or 30 years — to go shopping for bargains.

At some point, markets will calm. President Trump may not even prove as tough on global trade as his electoral rhetoric suggested.

Congress may spare the world a trade showdown with China and a very expensive wall across the Mexican border, while waving through market-friendly moves such as tax cuts, fiscal stimulus and deregulation.

January cometh

So please do not panic and sell, unless you need the money in the next couple of years, because markets have a tendency to overreact.

This is the time to patiently hold on to what you have got, and gradually start buying more of it, taking advantage of market slips.

The volatility may last for months, remember, Inauguration Day isn't until 20 January 2017, while Theresa May is yet to trigger Article 50.

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