



Avoid The 2 Most Common Investor Mistakes

Description

The standard practice and correct formula in the stock market are to “buy low and sell high.” You end up with winning trades whenever you use that strategy. However, selling low and buying high runs counter to the norm. It’s either you don’t know how to trade or committed a common investor mistake.

No one goes into the stock market to lose money. Stock investing carries a degree of risk and potential losses. That is why you try to avoid costly mistakes when selling or buying stocks. But there are reasons for incurring losses due to trading blunders.

Mistake 1: Selling low

When you invest in the stock market, you should learn to be smart and protective of your money. Market volatility is always present, so you need to stay calm or composed. When volatility intensifies, the tendency is to panic-sell.

Panic-selling is a common investor error, but it’s the worst thing you can do. Usually, it happens during a declining market. The objective is to cut losses or reduce exposure to a falling stock. But that isn’t the solution every time. You just have to resist the urge to unload your shares.

A year ago, **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) was doing \$44.52. Sometime in October, the price dropped by 12%, which started a downtrend. The fourth-quarter sell-off pushed CNQ further down to close the year at \$32.94. Today, the stock is trading higher at \$34.99 but about 21% lower 12 months ago.

Those who lost their cool during the period of decline would have sold the stock instantly. But if you know the company well, you would decide against selling. CNQ is a dividend payer with a 4% five-year average dividend yield and 18 years of payouts. Analysts are predicting [strong upside](#) in the coming months.

Mistake 2: Buying High

Opposite the selling-low slip-up is the buying-high miscue. Why on Earth would you buy a stock when it's evidently way too overvalued? **Cronos Group** ([TSX:CRON](#))(NYSE:CRON) is a weed stock that's been flying high lately. But don't be surprised to find yourself in [dire straits](#) if you buy the stock today.

Investors have been questioning the valuation of cannabis companies. It's mostly glib talk that's driving the weed stock prices up. When bad news is reported, the stocks tumble. CRON picked up steam and soared 120% to \$31.77 in early March. The rise wasn't sustainable as the stock is currently trading lower at \$20.67.

Cronos is undeserving of a buy rating, even with the capital infusion from tobacco-maker **Altria Group**. A \$6.8 billion market cap and a 120,000 kilos peak annual production capacity don't add up. **HEXO** is worth \$1.9 billion, but it boasts of 150,000 kilos at its peak.

The company seems lost in a maze. It's ramping up production, but it's moving at a turtle pace. It will take longer to make significant headway. CRON is a disaster waiting to happen. Don't make the buying mistake.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. NYSE:CNQ (Canadian Natural Resources)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:CRON (Cronos Group)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/08/03

Date Created

2019/05/31

Author

cliew

default watermark