



How You Can Prepare for a Market Meltdown

Description

It seems like after almost every few months, global trade is in jeopardy. The stock markets start to become erratic, and mini-corrections start to make investors across the board feel very uncomfortable. We are nearing the tail end of 2019, and in the final months heading into 2020, the threat of recession is becoming increasingly severe.

In times of such volatility and uncertainty, you need to take the right steps to prepare yourself for a significant market meltdown. We have been hearing about a recession for a few months now, but we do not know when it will happen. I feel that it is about time you start taking proactive measures to protect yourself from the threat of this stressful proposition.

There are certain important steps to take care of as early as possible so that you can ride the wave of an inevitable recession better. From increasing your savings to [investing in reliable stocks](#), let us take a look at how you should consider preparing for a market meltdown.

Build up savings and sort out your debts

You need to sort out your current financial position to prepare for the coming economic uncertainties. The first and the most obvious thing to do is to build your emergency savings. You might already be in the process of saving money, but people rarely think about how much they *should* save. If it has never occurred to you, here are some basic guidelines to consider.

- Savings should cover at least six months' expenses
- The amount should include everything from the costs of personal care to insurance payments
- Build a safety net beyond the six-month minimum

The two key things you need to remember are cutting down unnecessary costs and increasing the yield of your savings.

Eliminating your debts is equally important as your safety net. You need to focus on paying off all high-interest debts as soon as you can and keep your debts to a minimum.

By reducing the overall debt, you will spend less money on the things you buy (buying less and using cash instead of your credit card). Reducing debt will also help you set aside more money for your emergency savings.

Death, taxes ... and recession?

You know how the saying goes, there are only two things certain in life: death and taxes. As things stand right now, a recession also seems inevitable, and you can take advantage of the former certainty to see yourself through the recession. Confused? Don't worry. I'm just talking about **Park Lawn** ([TSX:PLC](#)).

Park Lawn is the only publicly traded Canadian firm listed in the funeral business, and the company has had quite a year. Where the markets will generally suffer from the uncertainty and volatility, Park Lawn will keep on conducting business as usual. The company operates in an industry that never sees a downturn.

The funeral company's share price has increased by over 200% since the IPO launch. The company presents an excellent option to see you through an incoming recession for two reasons: Park Lawn is growth-centred through an acquisition strategy; and the latest round of financing for the company saw a [\\$190 million bought deal](#).

Park Lawn has been busy throughout the year in acquiring other funeral companies. Investors should love this since the company can potentially grow revenue by a significant margin. The bought deal raising \$190 million is a sign that the financial institution working with Park Lawn is confident that the company will stick around for a long time.

Foolish takeaway

Saving your money, clearing your debts, and investing in shares of a reliable company are three ways you can prepare for a recession. I might like to add that a recession no longer seems like an "if" but a "when" in terms of probability. As an investor, you should prepare yourself for the worst, and these steps could help you on your way.

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2. Stocks for Beginners

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