



Worried About a 2020 Recession? Here's How to Protect Your Money

Description

The end of the previous decade came with its fair share of warnings about an impending market crash. The ongoing debate reveals that [the chances of a recession occurring in 2020 is 50-50](#). While the 50% odds might make some investors feel hopeful, it's important not to be complacent.

While the market might not crash as severely as it did in 2008, there will likely be a correction. Regardless of the severity, however, you should prepare your portfolio for the likelihood of a significant decline.

There's plenty to be learned from the crashes of the past, which is why I'll discuss a few critical points you need to remember in the event of a market crash.

I will also take a look at **Barrick Gold Corp** ([TSX:ABX](#))(NYSE:GOLD), a defensive stock you could consider to protect your investment portfolio if it does happen.

Never let your emotions decide for you

When the market starts to become more volatile, investors tend to become less rational. They begin to panic at the thought of losing a large sum of money. Many investors let emotions rule their decisions and start selling the stocks they own at the worst time.

Warren Buffet's advice in the face of adversity in the stock market is to be, "Fearful when others are greedy and greedy when others are fearful."

See the opportunity

Continuing along these lines, you should look at a market crash as an opportunity. Investors primarily focus on the fear of potentially losing their money in a downturn.

They don't consider the upside potential of being able to purchase stocks at a discount. It would help if

you poised your investment portfolio to leverage the opportunity when it arrives rather than running away from the stock market.

Invest in gold stocks

Gold has the reputation of being the [classic defensive asset](#). Whenever the markets have suffered a crash, the value of gold has shot up. In autumn 2019, gold began an upward trajectory. Gold rose to a near seven-year peak of US\$1,610 last week. We are just a couple of weeks into the new decade and gold is climbing already.

Investing in a stock like Barrick Gold can present you with the opportunity to leverage the anticipation of a market crash to increase your wealth in the short term.

Barrick is a mining company trading for \$23.38 per share at writing. With the value of gold rising, the stock can continue to climb, and Barrick stands to make a significant cash flow along with it.

Foolish takeaway

Investing in the company can put you in a more favourable position to use the market crash as an opportunity. As the market becomes more volatile, your investment in Barrick might grow your wealth.

With sufficient capital gains, the returns on your investment can allow you to purchase stocks from other companies at a discount, positioning you for further growth once the market starts to recover after the crash.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

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Date

2025/07/23

Date Created

2020/01/22

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