



## Here's How to Invest in Times of Market Fear

### Description

Markets are scared for the first time in about a year because of the virus outbreak, and it seems that they might be in for a bit of a fall in the near term. Of course, there is no way to know what will happen, but it would be a good idea to have an idea in mind of what to buy if markets start to fall and which sectors to avoid for the time being.

### Avoid buying expensive utilities

I love utility companies and own a number of them personally. But the truth is that they are very expensive at this level. People have jumped into them to hide from recession risk, interest rate cuts, wars, and viruses. Everyone owns them, pushing their valuations to the heights of growth stocks in many cases.

Take a company like **Algonquin Power and Utilities**, for example. There is nothing wrong with the renewable energy company on its own merits. It is in the right space, has contracted and regulated utility businesses, and is growing at a substantial clip. The only knock against the company is its valuation.

The yield is also not very compelling at the moment, having shrunk from a yield of over 5% a year ago to just over 3.5% today. This reflects the [search for yield](#) that has been reignited by central banks, as interest rates have collapsed. Just wait, because these expensive stocks will pull back at some point.

### Keep an eye on technology stocks

Technology stocks are expensive. They have been going up for a long time and have nose-bleed valuations. The good news is, though, that these companies can pull back hard if the macro environment isn't looking great or the market in general hits a bump.

If they do continue to drop hard, it might be worth picking up some of these high flyers. Companies like **Shopify** have been on a tear and might be due for a nasty drop. If that were to occur, you might want to jump on that train once again.

Shopify, after all, still boasts some pretty substantial growth. Although the numbers are pretty paltry at today's share price and overall valuation, they would look very compelling if the market were to smash the shares substantially.

## Oil and gold

I have been a big proponent of buying shares of oil and gold companies for some time now. I think that gold is likely to go on a big run if the global debt bubble takes a tumble. If fiat currencies start to become unfavourable, gold would be an excellent place to hide. Oil companies are so cheap, are reducing debt, are buying back shares, and often have massive yields that will give you a pretty comfortable income stream.

If you want to leverage the price of gold and want to own a larger company, it is a great idea to own a gold miner like **Newmont**. This [large gold producer](#) is the result of Newmont combining with Goldcorp in recent years. Its more than \$40 billion in market capitalization makes it one of the largest gold miners around.

It doesn't have much of a dividend at just over 1%, but that dividend appears to be supported by free cash flow. Besides the dividend, it has most of its operations in geopolitically stable regions, such as North America and Australia, making it quite geographically diversified.

## Keep the goal in mind

If you want to do well with your stock portfolio, it can be beneficial to put your cash where you will get the most bang for your investing dollars. Right now, it might be prudent to avoid adding to expensive utilities if you already own some.

Owning gold is a better choice, given the current state of the global economy. Newmont is just one possible option in the space, especially if you prefer larger companies. Preparing for a fall in the share prices of any of the expensive tech stocks might also be the way to go. If prices do collapse suddenly, you may even be able to sell your gold stocks to pick up falling tech companies.

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### Date

2025/09/11

### Date Created

2020/01/29

### Author

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