



3 Super Tips From Warren Buffett to Follow in a Market Crash

Description

The S&P/TSX Composite Index recorded its third straight triple-digit point decline on February 26. Indices in the United States have continued to battle volatility. The Dow Jones and S&P 500 both posted declines on Wednesday, while the NASDAQ managed to move up marginally. At the time of this writing, European indices were well in the red and U.S. futures indicated that investors were in for another rough trading period today.

Last week, I'd discussed two TSX-listed [dividend stocks that Warren Buffett](#) had recently pursued. The investing legend made an appearance on CNBC this past week to dole out some of his wisdom and advice in dealing with the current pullback. Today, I want to discuss three big tips from the investing guru that Foolish readers would do well to follow right now.

Don't panic!

This piece of advice was one of the key takeaways from the CNBC interview, and it has been a common theme for Buffett over the course of his investing career. He said that the spread of coronavirus was not a reason for investors to head for the exits. On the contrary, it could be rewarding for savvy investors.

"Has the 10-year or 20-year outlook for American businesses changed in the last 24 or 48 hours?" Buffett said on CNBC's Squawk Box. "You'll notice many of the businesses we partially own, **American Express, Coca-Cola** — those are businesses and you don't buy or sell your business based on today's headlines. If it gives you a chance to buy something you like, and you can buy it even cheaper than it's your good luck."

This last point leads me into Buffett's second important tip.

Hunt for value

By now many investors will be familiar with the adage "be fearful when others are greedy," coined by

Buffett himself. Warren Buffett is a huge proponent of value investing. This means that investors should pursue companies with good fundamentals, strong earnings, potential for future growth, and nice value. A [sharp correction is heaven for the value investors](#), as there are discounts all over the place.

Take **Air Canada**, a stock that has been a star over the past decade. Airline stocks have been pummelled, as investors fear what impact the coronavirus outbreak could have on the travel industry. Air Canada has dramatically improved its balance sheet over the past decade, it has churned out record earnings in recent years, and it is the strongest domestic airline in a growing industry.

Shares of Air Canada now possess a favourable price-to-earnings ratio of 6.4 and a price-to-book value of 2.1. The stock last held a Relative Strength Index value of 17, which puts Air Canada deep in technically oversold territory.

Avoid Bitcoin and other cryptocurrencies

Just in case some of you were thinking of betting on Bitcoin during this bout of volatility, Mr. Buffett is here to set you straight. "Cryptocurrencies basically have no value and they don't produce anything," Buffett told CNBC. "In terms of value: zero. I don't have any cryptocurrency and I never will."

Buffett attracted some sharp criticism from Bitcoin boosters after his remarks. However, Bitcoin has failed a major test to start 2020. Cryptocurrencies had attracted some attention as a potential safe haven to store alongside gold during turbulent periods. Gold has surged to a seven-year high in the face of global volatility, while the price of Bitcoin has sputtered to start 2020.

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