Market Crash 2020: Here's Which Stocks You Should Be Selling

Description

When markets are crashing the way we've seen this week, uncertainty abounds — the usual uncertainty causing the sell-off, uncertainty about the future of the economy and a potential recession.

There's also uncertainty among investors, who are wondering whether to sell stocks, buy stocks or sit tight and do nothing.

While the most common and best advice is to either do nothing and sit tight, or add stocks at these discounted prices, it assumes that your portfolio is full of the highest-quality stocks.

If you do believe the stocks you own are high-quality, long-term companies, then you can sit tight knowing your investments will be fine and if you have some extra cash you may want to add to your positions.

If your portfolio has speculative stocks or companies that were high-risk, high-reward stocks however, you may want to sell these off now and get ahead of more downside, as these speculative stocks will most likely be some of the biggest losers while investors sell off their investments and move to cash.

Selling off your speculative stocks, even at a loss today and taking that cash and buying long-term blue chips like **Canadian National Railway Co** (TSX:CNR)(NYSE:CNI), which is down more than 6% as of Thursday's close, will set you up perfectly for long-term investing success.

Canadian National is the type of company with resilient operations, and a company you can count on to own long term. Although it isn't immune from a slowdown in the economy and could have its operations affected in the short term, over the long term, its business is so big and so important to the economy — it's certainly not going anywhere.

The company has been around for more than 100 years. Because of how important it is to almost every industry and the way it has integrated in the economy, the company grows as Canada's economy grows.

This means whether you plan to own the stock for 10, 20 or 30, years you can expect to see growth in your capital, as well as a growing dividend.

The dividend yields just 2% at these prices, as CNR only pays out 35% of its earnings while it reinvests the rest in growth. Despite the relatively smaller dividend yield, the company has still increased the dividend by more than 100% since 2014, and continues to do so, making it one of the top stocks on the Canadian Dividend Aristocrats list.

The sell-off in markets has created a major opportunity for investors to gain exposure to CNR, one of the best TSX stocks for long-term investors.

Whether or not you like CNR, there are a number of high-quality companies you can choose, but what's most important right now is that investors review their portfolio and make sure you have a strong belief and faith that the businesses you own are high-quality, long-term investments.

Any stock you deem to be a speculative company you should get rid of, as there's no telling how the company may be impacted and whether it will be able to survive if the economy turns negative for a prolonged period.

Portfolios with a large number or with a high percent of exposure to these stocks could have huge problems that may take you years to recover from, so review your portfolio sooner rather than later in order to position yourself optimally for whatever comes next.

CATEGORY

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