



Warren Buffett: Do This 1 Thing When Markets Are Fearful

Description

In offering advice on investment, the famous billionaire investor once stated to be *“fearful when others are greedy and greedy when others are fearful.”*

This statement persuades you not to go with the flow, but instead to move against the current instead. When others are fearful and withdrawing their investments in panic, it may present an excellent buying opportunity.

Understanding intrinsic value

Over the short term, markets may be subject to erratic ups and downs in pricing, subject to fads, trends, and irrational panic. However, over the long term, markets tend to correct themselves and behave rationally.

The intrinsic value of a stock is its value minus the influence of the external noise around it. The stock value is based solely on the performance of the company, and as such, this is the figure that market trends to correct the stock's price toward more stable market conditions.

This means that if a stock price is low as a result of some external factors outside the control of the company, we can say that it is potentially undervalued. If you are to invest at this moment, you'll likely be presented with significant upside as the market later corrects the stock's value toward its intrinsic value.

Similarly, when a stock gets crowded with too many investors, it is said to be potentially overvalued and, thus presents an investment with a possibly diminished return.

Buy this stock while it's still undervalued

As a result of global fear over the coronavirus epidemic, stock prices in many industries have taken a steep nosedive. This represents the perfect opportunity to invest your money into potentially

undervalued stock and wait for them to rise in value as markets come out of the panic.

One of such stocks to consider is **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). At the start of the year, its stock price was \$42.56. At the time of this writing, the stock has fallen in value to just \$36.8.

However, there's reason to believe that its stock price is set to rebound in the future. Backed by a rise in global demands, Canada's oil production is set to increase by 50% by 2040. As the largest integrated oil company in the country, Suncor is primed to benefit the most from this trend.

Since 2014, the company had [outperformed nearly all its competitors](#). With control over the entire supply chain, the company holds more resilience against volatility in oil prices if oil prices are down, the profit margin on refineries increase, and vice versa.

The company has also been recently investing deeply in high return projects, which are independent of swings in oil prices. This could enhance its resilience in the future.

Summary

Warren Buffett has [his money invested in this company](#), and so should you. With a forward P/E ratio of 12.27 and a Price/Book ratio of 1.34, it doesn't seem expensive at the movement.

Aside from a nice potential upside coming from the market correction, investors will also benefit from its dividend yield, which currently stands at a superb 5.05%.

CATEGORY

1. Dividend Stocks
2. Investing

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Date

2025/08/22

Date Created

2020/03/09

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