



## 3 Things to Do After the Worst Day for the TSX in 80 Years

### Description

Thursday marked a historic day. The TSX Index crashed 12.4%, marking the worst day in around eight decades. That's just plain vomit-inducing. If you're like many rattled Canadians who are in search of answers, you've come to the right place.

Without further ado, here's what you need to do amid one of the worst market crashes in recent memory.

### Do *not* panic

First, [don't panic](#). Nobody made money by panicking, and while we could fall as low as 50% from peak to trough, we may also be closer to a bottom than a top given there are few, if any, optimistic headlines anymore.

We really won't know when the bottom hits until after the fact. And we have no idea what the implications are of the coronavirus (COVID-19). We've never faced anything like this before in the financial markets. You could look to historical event-driven sell-offs, which will tell you that the average drop is around 30%, but it's only prudent to be prepared for the worst. And without panicking.

### Buy Canadian. I am!

Second, don't give up on Canada or Canadian stocks. Yes, the TSX Index is toxic because of its undiversified mix, but if you're a self-guided stock picker, the TSX is abundant in deep-value opportunities right now. After you've taken the time to calm yourself, have a moment to look through the rubble to see what's worth buying.

Not only can you keep more of your dividends by investing Canadian, but you'll also not fall victim to the recent plunging in the CAD/USD FX rate. After this week's carnage, you'll only be able to get a measly US\$71 and change (at the time of writing) for your Canadian dollar.

## Remain calm

Third, please don't let the crash take a toll on your well-being. It can make you feel sick. Most Canadians are undoubtedly feeling defeated, doubtful, and downright depressed after one of the worst drops in a century. But as someone wise once said, "this too shall pass."

Once you're calm, it may be a good idea to start buying or continuing to buy on the way down. You may want to start with the [Canadian banks](#) while their yields are swollen. They're safe and are subject to growth, but hang in for the ride, because there's a tonne of headwinds ahead of them.

If you're truly a long-term investor with a time horizon beyond five years, though, they're historically cheap. This crisis has brought forth single-digit P/E multiples and behemoth dividend yields. You'll get hurt by catching the falling knives, so make sure you've got ample dry powder to keep buying as the yields continue growing on the crash.

## Foolish takeaway

I'm not going to attempt to paint a rose-coloured picture here. But it's times like these, when optimism is scarce, where it can be the most profitable to be optimistic in spite of the dire circumstances.

Yes, your portfolio likely took a historic blow, but now is not the time to sell. It's a time to buy and aggressively if you see a wonderful business at a price below your intrinsic value estimate.

Stay hungry. Stay Foolish.

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