



2020 Stock Market Crash: Your Opportunity to Buy Stocks at Rock-Bottom Prices

Description

The [2020 stock market crash](#) keeps getting worse by the day. The **TSX Index** is back at four-year lows, and the **S&P 500** made an abrupt return to the levels reached during the Fed-induced trough of 2018. Some believe that the market gains from the Trump era could be erased over the coming months. With many folks comparing the 2020 crash to prior market meltdowns, it's hard to find any sort of optimism on the Bay or Wall Street these days.

2020 stock market crash: Things are different this time around, but that's still no excuse to panic

If you're on the hunt for a comforting piece that can reduce your fear and help you turn the recent bout of market turmoil into a generational opportunity to make money, you've come to the right place.

It's pointless to try to predict the near-term outcome of the coronavirus and its total impact on the economy. Because by the time the infection curve flattens, or a vaccine is developed, stocks would have already bounced back. And the bargains that have been presented before you will be gone.

Many stocks are trading at valuations not seen since the Financial Crisis. They're at crisis-level multiples, because we're smack in the middle of a biological crisis — a disastrous scenario that Wall Street has never faced the likes of before. Not even the most seasoned epidemiologists know how bad the pandemic will be. So, while stocks could certainly become 20% cheaper tomorrow, they could also be 20% more expensive tomorrow and 40% more expensive by week's end. As such, investors should strive to balance [the risk of missing out on bargains](#) with the risk of further near-term losses.

2020 stock market crash: Stocks have fallen to insanely low prices

Mr. Market appears to have no idea how to price stocks anymore. In such a ridiculously volatile market comes a high degree of market inefficiency, meaning there's opportunity to stock pickers to bag a

bargain — something that index fund investors can't do.

Fortunately, as a do-it-yourself stock picker, you can separate the junk from the goods. You can take a rain check on the unsustainable dividends of the ailing oil companies and poorly position firms like **Air Canada**.

I called the crash at Air Canada, warning investors that the stock could have further to fall if regulators put forth harsher restrictions on air travel.

I also noted the surging amount of debt and that the name could be at risk of crumbling like during the Great Recession, despite years of meaningful operational improvements. Air Canada's balance sheet is stressed out, and there's great uncertainty as to how long a travel ban could be put in place. That's a significant reason why Air Canada stock crashed 28.2% on the second Black Monday of this 2020 stock market crash.

As we fall into a recession from this event-driven implosion, investors should look to stocks that are akin to babies that have been thrown out with the bathwater. Many stocks have no business falling as hard as they did over the past few weeks. And it's these such stocks that will allow you to pay a dime to get a dollar.

The Foolish bottom line

You need not try to be a hero by jumping into travel stocks that have taken on the most damage. Just because the markets crashed doesn't mean you have to pick up the loose change that's been dropped in front of a steamroller. Such stocks are notoriously hard to value at this juncture.

Instead, I'd focus on stocks you *can* value (stocks in your circle of competence) that were unfairly caught offside over the last few months. That way, you'll come out of this Black Monday blowout and not be left empty-handed should we make an abrupt return back to the highs in the event of a positive contingent event such as a vaccine.

Stay hungry. Stay Foolish.

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