



Warren Buffett: 3 Ways to Beat a Bear Market

Description

Warren Buffett will celebrate his 90th birthday this summer, which means that the investing legend is particularly susceptible to the [COVID-19 outbreak](#). Buffett has said that he will limit his public exposure going forward. Investors should absorb the nuggets of knowledge that Warren is able to provide in this bear market, as his media appearances are likely to be rare in this dangerous environment.

Fortunately, Buffett has been vocal as stocks have [plunged into a bear market](#). Today I want to explore three ways readers can emulate the legendary investor in these trying times.

Tip: Don't try to predict rates

Buffett was recently asked about the topic of interest rates, namely the potential for negative rates and what that might mean. His answer might surprise some investors. He elaborated on his position as he reflected on the “really crazy” bond market right now, and he referenced how he and his partner Charlie Munger were evaluating things right now.

“Charlie and I focus on what’s knowable and important,” Buffett said. “Now, interest rates are important, but we don’t think they’re knowable.”

Central banks have pursued aggressive monetary easing in response to this crisis. Investors should not base their decisions on what they believe will happen next, but what the realities are right now.

Follow Buffett's investing style

When it comes to value investing, Warren Buffett is considered one of its highest-profile proponents. There's no better time to go bargain hunting than in a bear market. The discounts that were on the table in 2008 and 2009 are mouth-watering in retrospect. Today, promising companies like **Goeasy** have been ravaged in the broader selloff.

Better yet, investors can load up on Canadian banks stocks. Top stocks like **Royal Bank** and **Toronto-Dominion Bank**

are trading at levels not witnessed in half a decade. In a bear market, searching for the bottom is a fool's errand.

Instead, value investors should look to employ dollar-cost averaging and stack at these attractive levels. Be like Warren Buffett and target high-quality companies with strong fundamentals and growth potential.

Do not give in to despair

Warren Buffett has often credited his eternal optimism for his long-term investing success, allowing him to see beyond short-term volatility and look to the inherent value in the world's top companies.

History has shown us that betting against the United States and her allies is a bad proposition. Investors should bet on humanity's ability to tackle COVID-19 and make it out of this crisis stronger than ever.

There is already a vaccine candidate that has moved into clinical trials, and other countries are experimenting with treatments that are proving successful, albeit it's in the early stages. A return to normalcy may not be so far away after all.

Just as overconfidence can be dangerous, despair and pessimism can drive investors to make hasty and poor decisions. Constant media consumption can exacerbate feelings of hopelessness and panic.

Instead, investors should maintain a long-term outlook and keep this crisis in perspective, as Warren Buffett has done for decades.

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Author

aocallaghan

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