



Mark Cuban Says Its Best to Do Nothing in a Stock Market Crash

Description

Many people aren't taking the coronavirus as seriously as they should, despite seeing its power to infect a non-biological entity: the stock market. Currently, the market is looking at the worst downturn since the great recession. Even worse is the fact that its economic impacts are far more pervasive than the stats on the market crash — and they would be felt months after the market starts to climb.

But what does it mean for non-professional investors? People who are just saving up for retirement or a few short-term goals? Investors who are just trying to grow their Tax-Free Savings Accounts (TFSAs) and RRSPs with a few safe stocks? What should they do?

Billionaire investor and owner of Dallas Mavericks Mark Cuban might have an answer to the last question — and that's to do nothing.

Don't sell

That's probably one of the worst things you can do in a crashing stock market, especially if you have stocks in strong and stable companies that are likely to weather the storm relatively unscathed.

Selling at a loss just because everyone else is doing the same may reset all the progress your shares in a company have made until now. This is part of the “do nothing” approach that many other investors have recommended.

The Wizard of Omaha is also a long-term advocate of the buy and hold strategy. And if you have a stock like **Algonquin Power & Utilities Corp** ([TSX:AQN](#)) in your portfolio, you should stick to holding it.

Or, in other words, do nothing — especially nothing as short-sighted as selling your stake in a \$10.58 billion (market cap) company that's focused on [future-oriented](#), renewable energy and has a stable utility business.

The company has been increasing its payouts consecutively for a decade. If it follows its own pattern,

the temporary 26% drop in the share price would mean nothing for your dividend income from this company, and it's already started to bounce back up.

Don't buy

Mark Cuban said in 2010, "If you don't fully understand the risks of an investment you are contemplating, it's okay to do nothing." It means that, when a market crash may seem like the perfect time to buy up the stock in amazing companies (something in which I personally believe in), you don't need to buy just because everything is on a discount right now.

If you had already completed your homework on a few amazing businesses and you were waiting for the right time to buy, that might be it.

But if you don't understand what you're getting into and initiate a buying frenzy without contemplating the risks, you may end up rocks inside your portfolio rather than trees. They will weigh you down rather than helping you grow.

Foolish takeaway

Mark Cuban is not what you would consider a very "conventional" investor. He has a keen eye for businesses with the potential for growth. And if a man like this says it's okay to do nothing in a market crash, especially if you are uncertain, then it might be a good idea to take his sage advice.

Market movements have a way to nudge investors into action. People feel if they aren't doing anything when the stock market is falling down a steep cliff, or when it's soaring sky high, they aren't "capitalizing" on the moment.

But that's not how investors like you and me, who count on compounding and stable businesses to steadily grow our wealth, should think.

If you have a decent portfolio, then [doing nothing](#) might be one of the most profitable things you can do in a stock market crash.

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1. TSX:AQN (Algonquin Power & Utilities Corp.)

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Author

adamothonman

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