How to Buy Stocks in This Market Crash

Description

If you're wondering how to buy stocks and have never done it before, this could be an excellent time to get started. Stock markets across the world have suffered tremendous losses over the past month. Some stocks have lost over half their value in mere weeks! Now, robust companies and well-known brands are trading at very attractive valuations.

However, new investors need to be cautious. The economy is starting to look rather bleak, and the unprecedented shutdown has unknown consequences for several industries. No one really knows how long the recovery could take. Picking the wrong stock now could be detrimental to your wealth over the long term.

With that in mind, here's how to buy stocks in 2020 if you've just getting started.

How to buy stocks: Blue chips

Perhaps the best way to get started is to focus on easily recognizable companies that have staying power. Robust corporations with plenty of resources and durable competitive advantages are likely to come out of this market crash stronger than before.

Think of **CIBC** or **BCE** or **Fortis**. You probably interact with these corporations regularly and understand their business. These companies are so large and well capitalized that their survival is never in doubt. Nevertheless, even these blue-chip stocks lose their value during downturns. Fortis, for example, has lost 20% of its market value in just the past three weeks.

This is an excellent opportunity to buy stocks that can be part of your portfolio forever.

How to buy stocks: Growth

If you're feeling a little more adventurous, this could also be a good time to buy some growth stocks. Hyper-growth companies like **Shopify** have seen their market value moderate in recent weeks. The e-commerce giant has lost 17% of its value since mid-February.

However, the e-commerce business is unlikely to be destroyed by this ongoing crisis. Shopify could bounce back stronger and deliver double-digit annual growth yet again. This means it's the perfect opportunity to add growth stocks like these to your basket of long-term investments.

How to buy stocks: Passive income

If you're closer to retirement, wealth creation or wealth preservation isn't on your mind. Instead, you're probably seeking passive income.

The good news is, passive-income dividend stocks seem to have been marked down in this crisis. CIBC is offering a 7.55% dividend yield, while Fortis's incredible dividend has jumped to 3.87% at the moment.

Focus on companies with low debt and low payout ratios to secure your passive income for the new few decades. These companies will survive the ongoing crisis and could boost your cash flow further when the economy recovers.

Bottom line

New investors are wondering how to buy stocks and bolster their wealth. The ongoing market crash could present some excellent opportunities to dive in for the first time. However, tread carefully and focus on robust companies with great long-term prospects.

Investing in stocks is a marathon, not a sprint. Get started today and hold on for decades to create genuine wealth.

Good luck and stay safe!

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