



COVID-19 Stock Market Crisis: How to Stay Calm if You're Losing Thousands a Day

Description

The market crash people are seeing today is more fear-provoking than previous crashes. Usually, crashes follow an extended bull market where stock prices rise through the roof and past the true worth of companies vis-à-vis earnings. Investors are fearful not only by falling prices but also by COVID-19.

Stock markets, including the **TSX**, are recording steep drops because of a global epidemic. The recession that will follow is likewise more worrisome. Furthermore, daily losses in the stock market could be in the thousands. So how should investors react in this [grim scenario](#)?

Loss-aversion bias

When a market crash occurs, investors freak out. Because of the fear of losing, the tendency is to try and avoid losses rather than realize gains. Such behaviour is known as loss-aversion bias. In the subconscious, the loss doesn't count yet when you haven't sold the stock at a loss. It becomes painful when you realize "real" losses.

The experience is harsher when you hold onto a losing stock much longer than necessary. You're bound to suffer more losses in the end. Loss aversion is a common practice among investors. But the rational strategy to avoid losses is to invest in stocks you can hold for the long term and fight through the market crash.

When a recession is imminent, risk-averse investors turn to **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). This \$22.7 billion utility company is a top choice because of its bond-like features and attractive dividend yield.

Low-risk nature

The business model of Fortis is low risk, to say the least. The company operates and maintains electricity grids and natural gas networks. It delivers the energy needed to run essential services in Canada, the United States, and in the Caribbean. Local communities depend on Fortis as they cope

with the present health crisis.

You can count Fortis employees as among the frontliners during the pandemic, along with the workers in the emergency, food supply, health, and telecom sectors. The leader in the energy utility sector derives stable revenues. As of year-end 2019, revenue was \$8.8 billion while total assets are worth about \$53 billion.

In the current bloodbath in the stock market, Fortis is having its share of losses. However, the stock is not severely beaten compared with the [top names in the energy sector](#). As of this writing, the year-to-date loss is 8.32%. The price is \$48.99 per share, while the dividend yield is 4.24%.

The company is promising “lights on” to about half-a-million customers during this pandemic. Fortis is not opposed to the proposal of the government in Alberta to defer electricity and gas charges to up to 90 days. A company delivering electricity for 135 years can endure for 10 decades more and beyond.

Bull-strong against recession

Loss aversion can be a weakness of any investor when the stock market turns from bad to worse. Even if you invest in high-quality assets, there could still be losses during market crashes. However, calmness and confidence can and should prevail.

Over time, when the market recovers, your gains from established and bull-strong utility companies like Fortis could be in the thousands.

CATEGORY

1. Dividend Stocks
2. Investing

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