



Forget Gold and Bitcoin. Here's How I'd Invest in 2020 to Achieve Financial Freedom

Description

The stock market's crash since the start of the year could mean that many investors are dissuaded from purchasing stocks. After all, further declines could be ahead depending on how the spread of coronavirus progresses.

Investors may, therefore, be considering the purchase of other assets such as gold and Bitcoin. They may exhibit lower correlation with the wider economy compared to stocks, which could mean they outperform them in the short run.

But, on a long-term basis, [buying stocks](#) now could be a much more profitable idea than purchasing Bitcoin or gold. It could boost your chances of enjoying financial freedom.

Short-term risks

The uncertainty facing the world economy may cause demand among investors for gold and Bitcoin to rise. In gold's case, it has a history as a defensive asset during challenging economic periods. This has contributed to its recent price rise, with it having traded at a seven-year high in the first quarter of 2020.

Although the price of Bitcoin has fallen sharply in recent months, some investors may feel that it offers lower correlation with the world economy's outlook. They may, therefore, seek to diversify their portfolio through holding the virtual currency.

However, with gold now appearing to be priced at a high level and Bitcoin facing risks such as regulatory uncertainty, its limited size and competition from other cryptocurrencies, both assets could deliver disappointing returns in the long run.

Buying opportunity

The stock market could experience further falls in the short run, as investors price in the uncertainty

facing the world economy. For long-term investors, however, this could represent a major buying opportunity. The stock market has always recovered from its lowest levels to produce strong recoveries. Even though the current bear market may prove to be somewhat prolonged due to the nature of the risks facing the world economy, a bull market is highly likely to follow.

Therefore, buying a diverse range of stocks today could prove to be a sound move. Purchasing stocks in a wide range of sectors may reduce your exposure to industries that could be hardest hit by the economy's current challenges. This may enable you to maximise your returns in the likely recovery over the coming years.

Market noise

Of course, buying stocks today may not feel like the right move for many investors. Newspaper headlines, restricted movement and fear among other investors may dissuade you from buying stocks and instead persuade you to purchase assets such as gold and Bitcoin.

However, now could be an excellent buying opportunity for long-term investors. The stock market has experienced high volatility and bear markets in the past. Investors who have bought stocks during such periods have generally recorded high returns in the subsequent years. At the present time, a stock market recovery may seem unlikely, but buying stocks now instead of other assets could be the best means of improving your financial future.

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