



## 3 Simple Steps to Boost Your Chances of Making a Million From This Market Crash

### Description

The stock market's recent crash could provide [buying opportunities](#) for long-term investors. A number of stocks are trading on low valuations, which suggests that they could offer recovery potential.

Furthermore, many cheap stocks are high-quality businesses which have wide economic moats. They may, therefore, be able to overcome short-term challenges in their operating environments.

Through adopting a long-term focus, you can capitalise on the stock market's recent woes. Doing so could improve your chances of making a million.

### Undervalued stocks

One of the simplest, and yet most effective, ways of profiting from the stock market is to buy companies when they trade at low prices. Of course, there usually must be a clear reason for them to offer good value for money. At the present time, the risks facing the world economy from the spread of coronavirus have caused many businesses and industries to face uncertain futures and challenging trading conditions.

While the current situation may last in the short run, it could be an opportunity to buy undervalued stocks for the long term. History shows that adopting this strategy would have enabled you to benefit from previous bear markets, and their subsequent recoveries. Although there is no guarantee that the stock market will recover from its recent downturn, a turnaround seems likely based on its past performance.

### Economic moats

As well as buying undervalued stocks to improve your chances of making a million, purchasing companies which have wide economic moats could be a sound move. An economic moat is essentially a competitive advantage which a business has compared to its rivals. It could be lower costs, a unique

product, or strong customer loyalty, for example.

Those companies which have wide economic moats may be better able to cope with challenging trading conditions than their sector peers. They may even be able to capitalise on weak trading conditions to expand their market share and win new customers. Therefore, not only do companies with wide economic moats potentially have lower risks, they may yield higher returns in the long run.

## Long-term focus

During market crashes it is easy to become concerned about the outlook for global equities. In the past, they have experienced deep and prolonged periods of disappointing performance that has reduced the values of investor portfolios.

However, those periods have always given way to successful recoveries and new record highs. Therefore, if you are able to look beyond the short-term risks facing investors and instead focus on the recovery potential of the stock market, you may be able to more easily benefit from its turnaround prospects.

With so many investors highlighting the risks facing the world economy, that task is by no means an easy one. However, by focusing on companies with wide economic moats, buying undervalued stocks and holding them for the long run, you can use the stock market's crash to your advantage. It could help you to make a million in the coming years.

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peterstephens

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