Market Crash 2020: Here’s What to Do If You’ve Missed the Bottom

Description

If you hesitated when the stock market crashed in March, you’re probably kicking yourself for missing out on the generational buying opportunity.

Yes, it feels terrible to miss out on the bottom, but investors shouldn’t be too hard on themselves, as catching the market bottom is virtually impossible, even for the most seasoned of traders.

As such, investors shouldn’t waste their time dwelling on the past. Instead, they should look to the future, as Mr. Market will likely be throwing many more good pitches over the coming weeks and months.

Market crash 2020: The pros are staying liquid amid the coronavirus crisis

If you’re not happy with the minimal amount of buying you did on the market crash, be patient. Many legendary billionaire investors, including Howard Marks and Charlie Munger, are also exhibiting a high degree of patience and caution amid one of the most unprecedented market environments ever.

Based on the bearish tone of both men, you’re going to want to maintain ample liquidity for what could be another wave of selling hell — and potentially below — the March lows.

Oil prices have gone negative, and investors are going to be waking up to a bleak reality as we head deeper into a brutal second quarter.

It’s tempting to chase the market here now that a new bull market has technically been born. But you should resist the urge to compensate for missing out on buying the market crash by exhausting your excess liquidity after one of the sharpest rallies in recent memory.

Although the spread of the insidious coronavirus is starting to slow, investors need to be prepared for massive earnings declines, analyst downgrades, and a potential second wave of coronavirus that could strike later in the year and carry over into 2021.

Market crash 2020: Uncertainties have arguably never been this high

Forward-looking guidance is being scrapped — and for good reason.

The uncertainties have arguably never been this high. Few things are more uncertain than biology. And although it's good to be optimistic, one must not attempt to trade the coronavirus, especially given that most experts believe it could take years before an effective vaccine is developed and that a resurgence could lead to a second lockdown just months after a potential reopening of the economy.

Charlie Munger referred to the coronavirus as a typhoon. Although market volatility has calmed after one of the worst market crashes in recent memory, you need to acknowledge the possibility that we may be sailing through the calm eye of the typhoon, with potentially another vicious storm on the other side.

With that in mind, you shouldn't badly about missing out on the March market bottom because nobody knows if it's going to hold!

In a prior piece, I noted that few things are more uncertain than biology. A breakthrough could happen at any instance, or nothing could happen for a prolonged period. As such, investors should nibble away at bargains gradually over the coming months, rather than trying to time the perfect spot to go all-in with one's excess cash.

Foolish takeaway

Charlie Munger certainly isn't plowing every penny of **Berkshire Hathaway**'s $129 billion mountain of cash on bargains right now. Thus, don't feel too bad about having ample cash sitting around in your savings account. That only means you'll have more swinging power for when Mr. Market starts throwing better pitches your way!

Given the excessive optimism on Bay and Wall Street and the fact that many analysts are discounting the probability and impact of a second lockdown on a late 2020 coronavirus resurgence, my guess is that the market crash isn't over yet, so stay liquid, pick your spots carefully, and don't attempt to chase any near-term rallies or bottoms!

Stay hungry. Stay Foolish.

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