



If the Stock Market Falls Again, Make These 2 Moves Immediately

Description

The stock market is a weird place right now. Uncertainty has seldom been [higher](#), yet valuations are in the top 1% in history. What's going on?

No matter what the future holds, the most proven method of success is to always take a long-term view, not bothering yourself with short-term market irrationalities.

There are, however, actions that you can take *right now*.

If the stock market falls, do this first

When the market collapses, many people turn first to their portfolios. After all, that's where you can get the clearest picture of what's happening. It's right in front of your face.

For many people, however, the greatest risks lie elsewhere. How much debt do you have? Are you on a tight budget? Have you built up a six-month emergency fund? What would happen if you lost your primary source of income, or have an unexpected major expense?

These questions are generic, and have nothing to do with the stock market. But if you want to prepare for difficult economic conditions, they should be your top priority for two reasons.

First, getting the rest of your financial house in order reduces the odds that you'll make a poor long-term move. This may include pulling out retirement savings to meet short-term needs, or perhaps making a rash buy or sell decision based on near-term fear. Having a balanced financial position lets you keep your eyes on the future.

Second, understanding your financial risk allows you to strategically take more risk if the opportunity arises. Let's say the stock market falls by 50%. If you have a time horizon of five or more years, this likely presents a fantastic [buying opportunity](#). But you don't want to overstretch yourself. Knowing where you stand financially empowers you to make bold, long-term decisions in a snap.

Do this second

While it will be tempting to focus on the stock market first during a crash, the rest of your financial life should take priority. In fact, you can do a lot of that legwork *before* the markets fall.

The next step is to take a closer look at your portfolio. Where are you at risk? Take a look at the crash in March to learn some specific lessons. Some stocks lost 50% of their value in a matter of weeks. Others lost just 20%. Some *gained* in value.

Consider **Imperial Oil** ([TSX:IMO](#))([NYSEMKT:IMO](#)). Shares fell 60% during the COVID-19 flash crash and have yet to recover. It's not hard to see why. This company doesn't control its own future. It lives and dies by the price of oil. Lower selling prices and high productions costs were always a source of danger for the business.

Then you have stocks like **Brookfield Renewable** ([TSX:BEP.UN](#))([NYSE:BEP](#)). Shares are 50% higher than when the year began. That's because Brookfield's renewable energy projects are low cost and typically have 100% contracted cash flows. That's a recipe for resiliency in any operating environment.

If you want to survive another stock market crash, find stocks that can thrive no matter what the economy does.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:IMO (Imperial Oil Limited)

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