



## Warren Buffett: How to Prepare for a Market Crash

### Description

Investors are fearful in the last quarter of 2020, because predictions and speculations of an impending stock market crash persist. The next one could be worse than in March, and it could wipe out the gains from the recent stock market recovery.

### “WWWBD?”

Since preparation is the key to [mitigate the risks](#), people will again seek the wisdom of the GOAT (greatest of all time) of investing. “What would Warren Buffett do” if a market crash is coming?

Buffett is familiar with [market crashes and economic meltdowns](#). He has lived through many of them and amassed a fortune in some. His conglomerate **Berkshire Hathaway** has handily beat the S&P 500 over 54 years. Its 25% annualized total returns to shareholders are almost double the U.S. stock market index’s achievement.

Remember, first, that markets will swing up and down depending on the environment. The COVID-19 pandemic is different from previous market disruptions. However, it’s not impossible to overcome the turbulence if you follow Buffett’s pieces of advice.

### Don’t panic and mentally prepare

Like Buffett, accept that market turbulence is inevitable. Your frame of mind shouldn’t be “if” but “when” it will occur. It requires mental preparation instead of panic during an anticipated downturn. He advises his shareholders to focus more on good investment prospects rather than listen to the noise.

Buffett and his minions at Berkshire see the climate of fear as a buying opportunity. Most of his winning investments were bought in crisis moments. He quipped, “It’s been an ideal period for investors: A climate of fear is their best friend. Those who invest only when commentators are upbeat end up paying a heavy price for meaningless reassurance.”

But if safety is your objective, heed this Buffett suggestion: “Buy companies with strong histories of profitability and with a dominant business franchise.” The pandemic hindered the Oracle of Omaha in the first half of 2020. He was a net seller more than an aggressive buyer.

## Contrarian move

Berkshire Hathaway recently made [a contrarian move](#) when it bought more shares and retained an energy bellwether in its portfolio. Canada’s **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) remains in Buffett’s portfolio, despite a severe beating in 2020.

Suncor lost loyal investors after the company slashed its dividends by 55% after the tumultuous Q1 2020. As of October 26, 2020, the energy stock is down by 60.72% and trading at 16.22% per share. Some might still find the stock attractive, because of the 5.32% dividend.

Analysts expect another dismal bottom line when the \$24.73 billion oils sands king reports its Q3 2020 earnings results on October 28, 2020. While the industry is a wrong place to invest, Warren Buffett still finds Suncor a terrific company.

At the current level, the blue-chip operator is a steal, and Berkshire is taking advantage. Suncor’s track record is better than most in the field. Buffett expects to benefit once the company recovers from its lethargic state.

## Reassuring nuggets of wisdom

The barrage of stock market crash predictions is distressing. However, it’s reassuring to pick up pointers from the greatest investor of all. Warren Buffett’s nuggets of wisdom can guide you in this trying time.

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