



## Warren Buffett: Prepare Now: A Market Crash Is Coming

### Description

Warren Buffett has never kept his investing strategies a secret. Simply search the internet for Warren Buffett quotes and you'll get a laundry of items that show his investing style. But the main strategy comes down to two points these days. Here, we'll cover those two points and how Warren Buffett's latest moves show why you should prepare for a market crash.

### Be fearful

When it comes to stock market rallies and crashes, one of Warren Buffett's most famous quotes are to "Be fearful when others are greedy, and greedy when others are fearful." This strategy has been played out well over the last year with Buffett's **Berkshire Hathaway** stock.

Each month the company produces what it has bought and sold shares in. Lately, what's clear is that these investment managers are fearful. While the stock market might be on a streak right now, Warren Buffett and others are preparing for a market crash.

Why? It comes from several places. There is vaccine euphoria in the markets causing stocks to jump to all-time highs in some cases. This comes from the idea that by the end of next year everyone could have the COVID-19 vaccine. That simply isn't the case. In fact, it could be until 2024 that everyone in the world has it. Even in Canada alone, it could take until June 2022 according to some analysts.

That leaves another year at least for market crashes, and it's likely to happen within the next few months. This is because COVID-19 cases, as you likely know, are on the rise. As of writing several cities are under lockdown in Canada, with more likely on the way — and even more in the Red Zone. This will cause another severe fall in business and industries, and could mean depleted earnings. With the holidays upon us, it's also likely to get worse instead of better. So prepare in the new year for some bad earnings reports.

### Be greedy

But the other part of that quote is to be greedy. So when the market crash happens — and it will — be prepared to buy. Right now might be a great time to take a hard look at your stocks and see where you've made profits. Then dig in deeper: how did those stocks do during the last market crash? How did other stocks fair?

Starting adding some stocks to your watch list that could do well during even a few market crashes. Countries around the world are going to have to pay down the debt accumulated from stimulating the economy. It's likely it will be years before a complete turnaround. So find stocks that can serve you well during that time. Then, during a market crash, be prepared to buy those stocks in bulk to see huge returns!

## Think long term

Now when you're greedy, don't be *overly* greedy and plan to simply [sell](#) off your stocks immediately. Think long term. That's the other part of Warren Buffett's key to investing, and the Motley Fool as well. If you hold stocks long term, it leaves little chance that you'll see a drop in returns except for risky investments.

Find stocks that can decades of historical growth, and potentially decades more. These stocks usually produce dividends as well, so even during a market crash you'll continue to see cash come in. A great option to consider is **Canadian Pacific Railway Ltd.** ([TSX:CP](#))([NYSE:CP](#)). This company shares a duopoly in the railway industry in Canada, leaving pretty much no room for competition. It's also finished reinvestment in its company, so all investors have to do is watch the cash roll in.

In the last year alone, shares have grown 31%, and soaring 651% as of writing during the last decade after the reinvestment took place. Meanwhile, investors will bring in 0.88% dividend yield as of writing which has grown at a compound annual growth rate (CAGR) of 35% during the last five years.

During the crash, the stock dropped about 20%, so another could be an amazing time to pick it up again. If you want to live like Warren Buffett, a [stock like this](#) is right up your alley.

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**Date**

2025/08/25

**Date Created**

2020/12/18

**Author**

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