



5 Investing Rules to Make Money in Today's Stock Market

Description

Did you buy stocks because everyone around you was minting money? And are you upset, as you lost all your money by buying the stock at such a high price? The golden rule of [stock investing](#) is to buy the dip and sell the rally. It sounds easy, but it's tough to follow, because emotions take over logic, and you can sell in a panic. But remember, it is not a realized loss until you sell the stock. Hold on to fundamentally strong stocks, and sell the ones with little to no scope for revenue growth or profits in the next five years.

Five investing rules to make money

Yes, the market is down, and tech stocks have [crashed](#). It is normal to panic, but it is wrong to make decisions in haste. Here are five investing rules to help you make money in the current market.

1. Don't do what everyone is doing

You saw what happened when you made money decisions by blindly following others. If you keep doing the same, you will continue losing. Think of it this way: if you sell when everyone is selling, will you get a good price for your stock? No. So, do the opposite. The current market saw a selloff as hedge funds offloaded their tech stocks on December 31. Retail investors followed, and names like **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) and **Lightspeed Commerce** lost 30% and 45% year to date, respectively. The stocks are down, even though their revenue is good. This is the time to be greedy and buy the dip.

2. Read about the company and its financials before buying its stock

Whenever you invest in a stock, understand what type of business the company does and what its profit and cash flow. Would you lend money to a stranger without knowing their ability to repay you? It's

not likely. Then why give your money to companies without knowing what they will do with it? At the Motley Fool Canada, we always talk about the company's business and not just the stock price.

3. Invest in a business you understand

This is a rule I follow strictly. I do not understand health care. Hence, you will rarely see me recommending any pharma or hospital stock. [Warren Buffett](#) doesn't understand crypto and technology, so he doesn't tend to invest in them. [Elon Musk](#) understands **Twitter** and **Dogecoin**, so he [invested in them](#). Billionaires follow this rule, and so should you. When you invest in things you understand, you won't get lured by market noise and fake rumours.

4. Don't try to time the market

Don't try to time the market. Do not do risky intra-day trades or options trading, where even a few hours' delay can cost you a lot. Also, don't wait for the stock to peak or bottom out, because you don't know when the dip or rally will end. The market is volatile in the short term, as it acts on investor sentiment. For instance, Descartes stock fell 30% — not because of weak earnings but because of panic selling in the market. Hence, never try to time the market. As [Buffett](#) says, "If a business does well, the stock eventually follows."

5. Invest regularly

Every investor has lost money in the market at some point. [Buffett](#) admits to having made tonnes of mistakes himself. That is how you learn. So, don't stop investing. A good strategy that you can implement is investing a certain amount every week or month. That way, you won't time the market. You will take what the market gives you. If you invest in the right stock like Descartes or **Enbridge**, regular investing can give you good returns as price volatility would reduce the cost.

If you have been investing regularly, don't stop now because the market is weak. Boost your investment and buy the dip in stocks you understand.

Some last-minute tips

Use the above five principles to [diversify](#) your portfolio. Understand the stock and its fundamentals and set realistic expectations. If the stock surpasses your expectation, it is time to book some profit.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:DSG (The Descartes Systems Group Inc)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
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Author

pujatayal

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