



## Market Correction: Billionaire Baron Thinks it's a HUGE Buying Opportunity!

### Description

Ron Baron is a billionaire, mutual fund manager, and investor. He founded Baron Capital in 1982 and still serves as its CEO. The U.S. stock market has corrected more than 20% and officially entered a [bear market](#). Last Friday, *Seeking Alpha* highlighted Baron's email to CNBC. Baron wrote, "This is a HUGE once-in-a-generation BUYING opportunity."

He noted some similarities between the current market situation to the early 1980s when inflation was high and markets declined with an aggressive Fed raising rates to curb inflation. Digging into history, 1965-1982 was quoted a period of The Great Inflation. *Federal Reserve History* recorded, "In 1964, inflation measured a little more than 1% per year. It had been in this vicinity over the preceding six years. Inflation began ratcheting upward in the mid-1960s and reached more than 14% in 1980. It eventually declined to average only 3.5% in the latter half of the 1980s."

According to *Trading Economics*, the U.S. inflation in May accelerated to 8.6% — the highest level since December 1981. If history is telling, the markets may not normalize until inflation is under control again. Just last Wednesday, the Fed hiked its benchmark interest rate by 0.75%, which was the biggest jump since 1994, to 1.5-1.75%. The Fed anticipates increasing rates by another 1.75%, which could see the benchmark rate hitting over 3% by the end of the year.

Canada's economy follows closely with the U.S.'s. Statistics Canada recorded inflation of 6.8% in April versus a year ago. The Canadian stock market is down about 12% from its peak. So, we're not in a bear market yet. Investors need to prepare for a potential [market crash](#) that could continue for months with ups and downs in between.

Economists have quoted an increased risk of a recession, which could happen if rates rise too quickly. How should investors invest? First and foremost, stay the course and maintain a diversified portfolio. Stocks are a long-term investment, after all. Here's a famous Warren Buffett quote: "If you aren't willing to own a stock for 10 years, don't even think about owning it for 10 minutes." Stick with quality businesses that have economic moats.

*Seeking Alpha* highlighted **Wells Fargo's** recession equal-weight stock portfolio, which includes five

stocks from each of the 11 sectors. As a reference, here are the stocks categorized by sector:

#### Communication Services

1. **Fox**
2. **AT&T**
3. **Electronic Arts**
4. **Comcast**
5. **Verizon**

#### Consumer Discretionary

1. **Lowe's**
2. **Garmin**
3. **Genuine Parts**
4. **Yum! Brands**
5. **McDonald's**

#### Consumer Staples

1. **Hershey**
2. **Mondelez**
3. **Colgate-Palmolive**
4. **Coca-Cola**
5. **PepsiCo**

#### Energy

1. **Marathon Petroleum**
2. **ONEOK**
3. **Chevron**
4. **Williams**
5. **Kinder Morgan**

#### Financials

1. **Travelers**
2. **W.R. Berkley**
3. **Chubb**
4. **Loews**
5. **Berkshire Hathaway**

#### Healthcare

1. **Amgen**
2. **Gilead**
3. **Merck**
4. **J&J**
5. **Bristol-Myers**

#### Industrials

1. **3M**
2. **General Dynamics**
3. **Republic Services**
4. **Ametek**
5. **Waste Management**

#### Info Tech

1. **Automatic Data**
2. **Broadridge Financial**
3. **Roper Technology**
4. **Jack Henry**
5. **IBM**

#### Materials

1. **Packaging Corp.**
2. **Air Products**
3. **Dow**
4. **Corteva**
5. **International Paper**

#### Real Estate

1. **Healthpeak Properties**
2. **Mid-America Apartment**
3. **AvalonBay**
4. **Welltower**
5. **Realty Income**

#### Utilities

1. **DTE Energy**
2. **Dominion Energy**
3. **Public Service Enterprise Group**
4. **Duke Energy**
5. **Ameren**

Many stocks have fallen substantially in this market downturn — partly due to being inflated during the rally after the pandemic market crash. So far in this correction, energy, consumer staples, and utility

stocks have held up well. But even some have started to turn over. In any case, this list provides a good starting point for research in areas you might add to during this market correction.

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