THE BIG SHORT

Mainak Sarkar

“One of the funny things about the stock market is that every time one person buys, another sells, and both think they are astute”. There is a fine line of distinction between investment and speculation. While investment is solely focused on the long term yields, the latter is based upon the principle of financial transaction in the short run which involves a substantial risk. However, in light of the recent pandemic making the right choices and correct investment decisions is the need of the hour.

The COVID-19 pandemic has had a catastrophic effect on the economy and especially, the stock market. The markets are experiencing high volatility due to the fallout in global markets. The Coronavirus outbreak coupled with frequent crashes in the share markets have made corporations and organizations weary about the future that lies ahead. It is true that currently the world is moving forward at a highly unprecedented rate. As a result markets loom under fear as uncertainty prevails. A disaster of such magnitude seems to affect businesses at an excessive rate and the consequences of this is considered to be far more prominent than that of the 2008 Global Financial Crisis. While the global economic operations are at a standstill, aggressive fiscal and monetary policies are being planned to safeguard one’s assets and portfolios. Investors are finding it extremely difficult to undertake transactional initiatives and financial investments in these turbulent times. “Do not put all your eggs in one basket”.

Diversity is one of the integral aspects that is essential with respect to investment. It is a Herculean task to use investing as a means to build significant wealth. However, the accurate choices and pinpoint precision in selecting the stocks is of utmost importance if one is willing to maximize profit. India is a developing economy and yet the current scenario at Dalal Street is not one to look upon. If we are to focus on the key sectors that we should allocate our investment funds to, the equity market at this juncture is definitely a first. The equity market undoubtedly can be the most rewarding at these times. It is also imperative that we understand that this requires substantial research and a considerable amount of risk taking. This is definitely not for the faint hearted in context of the current situation. A more plausible option would be to undertake investments in the Fixed Income Funds that is a better alternative in the falling interest condition.

Every cloud has a silver lining. Smart investors are aware of the fact that a stock market crash is a golden opportunity for investors to make incredible investment decisions. This is a significantly brilliant platform for those who have set out on the path of wealth creation provided they can shape their strategies in a pragmatic, yet planned manner. In a bear market, purchasing  the shares right now will pay off in the long run when the prices begin to soar high. Therefore, to understand the market and invest in the appropriate stocks is the need of the hour.