

[TRADING](#) > [TRADING STRATEGY](#)

# Panic Selling

REVIEWED BY [JAMES CHEN](#) | Updated Apr 18, 2018

## What is Panic Selling

Panic selling refers to wide-scale selling of an investment, causing a sharp decline in price. In most instances of panic selling, investors just want to get out of the investment, with little regard for the price at which they sell.

## BREAKING DOWN Panic Selling

Panic selling can be caused by various factors. It can also range in severity. In some instances, panic selling may also be known as a [selloff](#).

## Panic Selling Catalysts

Panic selling is often triggered by an event that significantly decreases investor confidence in a stock. Events can be related to a variety of factors including sales growth, revenue levels, earnings, management changes or decisions, and more. Initial selling of an investment is typically triggered by decreased strength in its fundamentals. Further losses can accumulate from price point levels that trigger programmed market trading from stop loss orders. (See also: [How to Profit from Panic Selling](#))

A significant factor in panic selling can be irrational exuberance or highly emotional trading. These trades can be driven by fear, market sentiment and overreaction to news that may only have short-term affects.