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Seven ways to survive a Stock Market Correction!



Global markets all have corrected lately. Irrespective of which market you are investing in, you would have been affected by the recent volatility. You could be an investor in America, India, China, Korea or anywhere else in the world- your situation would be pretty much the same. Many of you who are new investors might have entered panic mode, where you are unable to relax and have lots of stress and depression. I understand how it must be for somebody who just started investing in either stocks or mutual funds two months ago to see a notional loss of 30% or more now.

I remember the first time several years ago when I witnessed a stock market correction, my [portfolio](#) was down by over 50% and I too had entered panic mode. But thankfully after reading books on investing and listening to more experienced investors, I decided not to panic and hold my quality stocks. I am a much happier person today thanks to that decision.

Here are seven simple ways to survive a [stock market correction](#) as an investor:

1. Stop Listening To Analysts

Most analysts in the media instead of providing you with a solution will just confuse you. Somebody will say everything is doomed while others will say things are great in the long term. Forget listening to analysts- most of them won't be of any help. The reason people listen to analysts is because they are looking for peace and hope. Trust me you will get none of that by listening to somebody else. Peace and hope are all within you.

2. Stop Staring At Your Portfolio Every Thirty Minutes

Another mistake people make is that they get up every morning and wait for the markets to open. Once markets open they start staring at their stock prices. A fall makes you feel worse and small rise makes you feel a little better. This won't help either. Instead keep track of the fundamentals of your company every time the results are out. If your company is profitable and growing - be happy. If it isn't, find out if you need to exit. The stock price will catch up in the near future if business is growing. Do you stare at your money kept in a bank FD everyday? Most probably not. Use the same principle when you invest in stocks or [mutual funds](#).

3. Be Patient

Many of you might not have a lot of cash to buy cheap now; however please be patient with whatever you have bought. Even the youngest billionaire on Earth today is 23 years old. It took him 23 years to be a billionaire and he didn't do it in few days or weeks. The youngest billionaire probably in history is 23-year-old [Mark Zuckerberg](#) - the founder of the social networking site-[Facebook](#).

4. Speak To Actual Investors With Experience

Instead of interacting with analysts or your broker, speak with people who are actual [investors](#) and who have been in the market for longer periods of time than you. They will tell you how they have survived various stock market corrections and what has made them richer. Read and learn more about people who have actually created wealth and sustained it over a long period of time.

5. Stop Following Crazy Tips

Please for heaven's sake stop following 'hot' tips which promise to make you a millionaire in a matter of months. Maybe the 'hot' tip is only meant for billionaires who would end up as millionaires in case they do follow the tip. If it seems to good to be true, it is probably just a scam, which hopes to take money away from retail investors and

put them in the hands of greedy manipulators. Similarly stop following rumours about how fundamentally strong companies are going to be shut down and go bankrupt in the next few months. Use your own head and trust yourself.

6. Understand Market Cycles



Every asset class has a cycle. Stock markets, mutual funds, real estate all move in cycles. Please realize that nothing can keep going up forever in a single direction. There will be phases when prices will come down and again move up. If you go back into history you will see several instances when stock prices came down, however over a period of time quality companies always reward investors. Understand market cycles, and don't become a slave to them.

7. Follow The Guru

Today the richest man on earth, [Warren Buffett](#), is an investor who has created wealth because he has stayed away from what everybody else is doing and has simply invested in quality companies for the long term. He invested in Gillette, for the simple reason that he believed that men won't stop shaving. It makes sense to follow, as I call him, "*The Guru*" and think long term and remember people who create wealth do things that others don't.

I'm sure if you follow the simple techniques above you will be a much happier and a calmer investor. Investing is about controlling your emotions and being disciplined about what you do.

Happy Wealth Creation!

- [Yogesh Chabria](#)

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