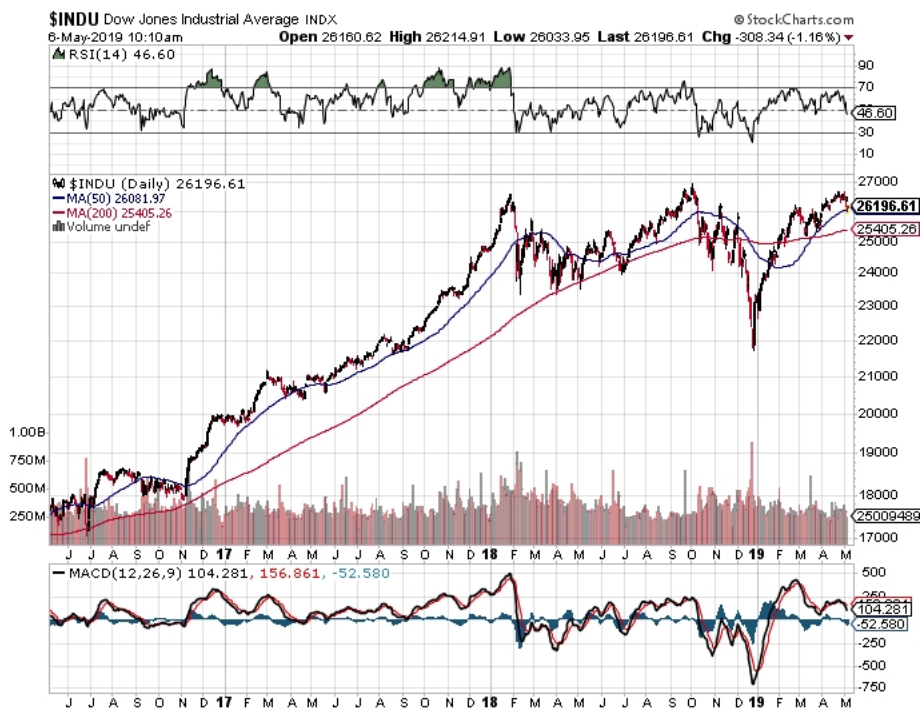


Trade War 2019: How to Prep for Potential Market Shock

At the moment, investors are in panic mode.

While China is still prepping for trade talks this week, President Trump increased pressure for the two sides to reach a deal. On Sunday, the President said he would hike tariffs to 25% by Friday on \$200 billion worth of goods if the two sides didn't reach a deal.



Hopefully, the two sides can reach a deal this week. If not, global markets are likely to take a massive dive on shock. Should that happen, you want to protect yourself three ways.

Tip No. 1 – Have Discipline

When markets fall apart, we tend to get a bit emotional. Logic goes right out the window. Discipline means holding on to good stocks, even if they move lower. It also means avoiding the desire to make speculative, risky bets hoping to break even.

We have to remember that markets are resilient. They don't stay down for long.

Also, be willing to see out the "blood in the streets" trades.

When markets crash, investors are typically presented with outstanding buy opportunities in oversold stocks that no one else wants to touch.

In short, remain calm and focused. Don't sell out of panic. Just sit tight.

Tip No. 2 – Consider Buying Precious Metals

When markets turn south, investors typically flock to precious metals like gold and silver. Therefore, it's always wise to keep a small percentage of your portfolio in precious metals as a hedge for a potential market meltdown.

We can buy an ETF like the SPDR Gold ETF (GLD) for example as a hedged bet.

Given the fact that precious metals act as a great form of insurance against global chaos and stock market meltdowns, it's one of the safer tools. Gold, for example, will increase in price in response to any number of potential events; a crash the outbreak of war; pandemics; major uncertainty; interest rates; money "printing;" a decrease in the value of the dollar.

Tip No. 3 – Be Well Diversified with Bearish Investments

We can use the:

- " iPath S&P 500 VIX Short-Term Futures (VXX)
- " ProShares Ultra VIX Short-Term Futures (UVXY)
- " VelocityShares Daily 2x VIX Short-Term ETN (TVIX)