

Best advice about Wall Street: Don't panic

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Published: September 16, 2008

Local and regional stock analysts have urged investors not to panic even after the stock market reported a record 504-point loss on Monday.

Hershel Stone, of Edward Jones in Danville, said investors should talk to financial planners to see what changes they want to make, if any. He said investors need to decide how much risk they are willing to take as the market struggles.

Investors should not make any sudden adjustments because of what they're seeing in the news, Stone said.

He said there's some basic advice investors should follow.

Look for opportunities to make money with established firms that have seen share prices drop 20 to 30 percent, but don't go in blind, Stone said.

Investors also should talk to their analyst, do their homework and look for a solid business model, he said.

"Stay away from stocks that have a lot of hype, that are trendy and being marketed as scare tactics to invest," Stone said.

Stewart Darrell, with Darrell & King of Charlottesville, agreed with Stone's assessment and added that panicking is the worst thing investors can do.

"It's going to take some time to work out," Darrell said. "You don't want to shift your portfolio based on headlines."

Investors are prone to do two things when the market makes a major adjustment, he said, noting they can panic or they can get greedy.

"You have to weather the ups and downs," Darrell said.

He also advises investors to be cautious about financial stocks.

Darrell said some smaller, regional banks could collapse because they don't have access to capital.

Investors need to wait.

Just because a stock is low doesn't mean investors need to wade in at this time, he said.

A rule of thumb would be to determine how tied down a bank is to real estate and mortgages.

"Take some time to work through this situation," Darrell said.

He said it's not wise to seek shelter in the bond market because great yields are not found there at this time.

Stone, however, said there are some attractive bonds to put money in, but not all of it.

"Having some insurance is a good idea," he said.

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