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9 Survival Tips for the Market Shakeout Blues

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1. If you believe you invested in the right stock(s), then turn off your computer and do something enjoyable. Exercise is a great stress reliever. The market has already begun its shakeout. If you didn't get stopped out, or failed to place earlier stops, your best opportunity lays ahead in picking up additional shares at a much lower price. Most of the experts we've interviewed tell us the next rally should start sometime between late July and Labor Day. In an attempt to interview the uranium guru James Dines in late May, we were told, "Call back in a couple of months." That was a helpful clue that the markets were less than exciting. Mr. Dines is often eager to be interviewed, but recently he was not.

2. Do you believe the fundamentals which engendered the commodities boom have changed? If they haven't, then the bullishness is only taking a breather. We don't see any fundamental change in the markets. Russia still wants nuclear power, and its oil production may be peaking. China hasn't announced the end of its nuclear expansion program. India wants to spend \$40 billion on new nuclear reactors. If you are invested in uranium stocks, spot uranium jumped another dollar to \$45/pound this past week. Hardly the end of the bull market.

3. If you worry about your investment in one stock or another, then stop watching the ticker and focus on the company fundamentals. Is the story still true or has it changed? See #7 A, B and C below.

4. There an old cliché that the time to buy is when you feel like dumping everything you own in the category. At the exact moment you want to sell your entire portfolio of uranium stocks, it may be wiser to add to your holdings. This applies mainly to the retail investor. Most of the professionals did dump at the top and are now slowly accumulating the shares of the naïve who waited until the washout to start selling off.

5. Has a major, earth-shattering event occurred? The last bull cycle in uranium ended with Three Mile Island (TMI). The last decent rally in the precious metals markets fell off a cliff after it was discovered Bre-X Minerals had perpetrated a fraud about its gold 'discovery' in Indonesia. Something significant and newsworthy always transpires, and it is also far-reaching. That is the trigger. As with TMI and Bre-X, those were the first shots which launched a later chain reaction to end those bull markets.

6. Before pulling the sell trigger, ask yourself: Do I really want to give up these shares to a bargain basement hunter, who will make a killing on my losses?

7. Since most of you will still panic, please review the following basics for any of the uranium companies you've read about:

A) How much cash does the company have in the bank? During shakeouts, cash is king. Prescient companies, which completed their financings during the recent and robust rally, are sitting pretty. They can weather the short-term storm and are well-oiled to move forward when this correction bottoms and reverses. Those companies are the strongest ones to check out when this correction looks gloomiest.

B) Has the management remained the same? Unless the top financial and/or technical people blew out the door, in recent weeks, the story probably hasn't changed much. Companies which built a strong technical team are resilient and powerful. They will move forward.

C) Have the properties come up dry? One of the reasons you invested in a uranium company was because it announced it had "pounds in the ground." Some companies have more than others. Some went to the expense and trouble of completing a National Instrument 43-101, which independently confirmed the quantity and quality of

the uranium resource. If that changed and the company announced, "Sorry, nothing there after all," or announced, "Hey, we were kidding," that one thing. If you haven't heard that, or read a news release announcing that, then the uranium didn't walk away or move onto a competitor property. It still there.

Next time, when the markets are racing higher, and you feel like you won the lottery, consider this bit of biblical advice. The old joke goes, "When did Noah build his ark?" The answer of course is: Before it began to rain.

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