Lisa Ramotar Warns That Company Evaluations May Be Unbalanced During Covid-19

NEW YORK, NY, UNITED STATES, June 29, 2020 /EINPresswire.com/ -- Lisa Ramotar is a business professional who has watched the spread of Covid-19 with much concern. Worried about what the pandemic is doing not only to her family and friends but also society in general, she is confident that business study and valuation processes are trending too high. Read on to find out why Lisa Ramotar fears that companies are being valued much too high in the current troubled market.

Why Lisa Ramotar is Concerned With Company Valuation Accuracy

Over the years, Lisa Ramotar has become an expert in finance and specifically in equity valuation, and she is worried that Covid-19 is creating a strange market position that may affect many company's value. This concept may seem obvious, Lisa Ramotar says, but it is one that not enough people are taking seriously.

For example, she highlights the current state of the stock market as proof that a lot of over-evaluation is taking place. Simply put, she finds it hard to believe that companies are worth as much as they are reporting and that stocks aren't being inflated. Lisa Ramotar highlights the concepts of "greed" and "fear" as the two motivating factors on the market – and right now, greed is high again.

As a result, Lisa Ramotar notices a lot of questionable stock purchases that don't seem congruent with reality. The market is struggling, she says, despite having recovered surprisingly well over the last few weeks. Lisa Ramotar is also concerned that companies are not taking the impact of the virus seriously enough and that they may be basing too much of their valuations on past expectations.

How Companies are Valued | Lisa Ramotar

The business valuation process is a complex one, Lisa Ramotar says, but is typically balanced on several factors. One way a company can be valued is to calculate the value of all the tangible and intangible assets (e.g.: patents) it has on its balance sheet and taking away from that the liabilities owed. However, these factors are far from the only way to evaluate the value of a company, she warns excited investors. Other and more common methods are to evaluate a business as an ongoing concern and value its future cash flow stream.

Simply put, Lisa Ramotar says that future success factors are critical to the value of a company. And this valuation, she says, if not done correctly could be a miss more than a hit. It may seem obvious that a company that is succeeding will continue to do so. And much of the market, Lisa Ramotar says, is based around the idea that such success is either constant or nearly permanent.

However, the closing of businesses, the slowing of customer visits, and other market issues have not been adequately evaluated, she says. Too many people are behaving as if the pandemic will end tomorrow, Lisa Ramotar says, and believing that past success and estimations will continue in the future. Sadly, she doesn't think that this factor is nearly as real as most would like to believe.

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