



Warren Buffett and Jim Pattison Are Recession Ready: Are You?

Description

One of the hottest topics over the past year has been Warren Buffett's growing cash hoard.

As an insurer, **Berkshire Hathaway** needs a substantial cash float, but with cash levels climbing to new heights, many investors are wondering whether Buffett is getting ready for the looming recession that the talking heads on TV can't seem to stop talking about.

In a [prior piece](#), I'd noted that Buffett wasn't attempting to [time a stock market crash](#) over the medium term and that he simply hasn't had any perfect pitches to swing at.

Buffett always says, "The stock market is a no-called-strike game. You don't have to swing at everything — you can wait for your pitch."

Indeed, it appears as though Buffett practices what he preaches.

If Buffett's swelling cash hoard isn't enough to convince you that a market crash could be on the horizon, perhaps Canadian billionaire businessman and investor Jim Pattison's cash stockpile is enough to convince you to be extra picky with stocks, as geopolitical risks continue to mount.

In a recent interview conducted by *BNN Bloomberg*, 90-year-old Pattison, who's a year Buffett's elder, is reportedly stockpiling cash due to deteriorating relations between the U.S. and China. Pattison also mentioned that he favours the U.S. market in times of tremendous uncertainty.

Now, whether Pattison is following Buffett's lead is anyone's guess, but one thing is for sure. Both 89-year-old Buffett and 90-year-old Pattison still have the patience to take a "wait-and-see" approach, as the markets (and possibly the risk of recession) approach new heights.

Queue the market crash?

Come the next crash that'll accompany the seemingly imminent economic downturn, both Buffett and Pattison will be cheering, as they'll have an opportunity to pick up shares of their favourite companies

at a fraction of what they're worth now.

Although both men are brilliant, neither of them know for certain about when or if the markets are going to crash over sometime soon.

The markets could suddenly melt-up if President Trump were to ink a deal with Xi Jinping unexpectedly, and if you were to be all-in on cash, you'd have to repurchase your sold shares at much higher prices.

Both Buffett and Pattison know that they could miss out on quick gains in such a scenario, and while neither of them are all-in on cash, it's clear that both men have the patience to wait for months, years, or even decades for their chance to bag a bargain.

If that chance doesn't happen over the U.S.-China tensions, it'll surely happen at another point down the road for some other reason.

In any case, it's important to remember that both Buffett and Pattison are hedging their long bets with substantial cash positions — something that every investor should do, not because of an inverted yield curve, but because anything can happen in the stock market.

As such, it's essential to be content with both the bull and bear scenarios and not be tempted to play just one side of the coin.

If you're looking to heed the advice of Pattison, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) may be the ideal bet at this juncture.

It's a defensive dividend stock with a highly regulated operating cash flow stream, allowing for 5-6% in annual dividend hikes through any economic environment. Come the next market crash, Fortis will take on far less damage than your average stock, as the company continues business as usual.

Moreover, Fortis is also a company that's built a deep U.S. foundation for itself over the years. Pattison is a bigger fan of the U.S. at this juncture, and Fortis is a great Canadian way to gain some exposure to the south amid rising uncertainties.

In a way, Fortis is a bet that's tailored to Pattison's desires at this juncture. And at today's modest valuations (22.5 times trailing earnings), Fortis may be the perfect bond alternative with its 3.4% yield.

While Fortis stock isn't exactly what you'd deem as cheap, it looks to be a much better deal given the high recession risk and the lack of opportunity within the fixed-income space. For bond investors who find themselves between a rock and a hard place, Fortis looks to be the ultimate cure.

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

Tags

1. Editor's Choice

Date

2025/08/14

Date Created

2019/10/03

Author

joefrenette

default watermark

default watermark