



Has Warren Buffett Been Waiting for This Market Selloff?

Description

The legendary investor Warren Buffett has long been waiting for the right opportunity to invest. He even told investors in its annual letter to shareholders that he is looking for an “elephant-sized acquisition.” Has the recent selloff brought that opportunity for the “Oracle of Omaha”?

According to **Berkshire Hathaway’s** latest financial report, the company holds approximately US\$128 billion of cash. However, Warren Buffett did not find any worthy opportunities to deploy this cash, probably due to frothy valuations of stocks.

The last big acquisition of Warren Buffett’s Berkshire Hathaway was Precision Castparts in 2015. However, things look significantly changed now. The coronavirus outbreak has done substantial damage to the global financial markets.

Broad selloff everywhere

The **S&P500/TSX Composite Index** has fallen almost 10% in the last six trading sessions. The **Dow Jones** and **S&P500** are also trading in correction territory and are down 13% each from their respective record highs this month. Whether Warren Buffett increases his exposure to Canada or stays in the U.S. will be interesting to see.

Interestingly, [celebrated investor Warren Buffett](#) must be looking for value plays here amid this market downturn with his eyes wide open. Similarly, instead of panicking, long-term investors should look for great companies and attractively valued stocks.

Warren Buffett is famous for picking stocks with discounted valuations and holding them for years. It should also be noted that the recent correction has occurred after several years. So, this should certainly be looked like an opportunity.

No wonder short-term investors, or rather, traders, who had hoped to double their money overnight must be under stress. Because the coronavirus impact is still beyond anyone's guess, markets could continue to trade weak in the short term.

However, long-term investors should relax, as they know that these cycles persist and the market recovers over time. Sometimes it takes longer for a recovery than one would have thought.

Warren Buffett and his Canadian stocks

Berkshire Hathaway owns two Canadian company stocks. One is an integrated energy company **Suncor energy**, and the other is **Restaurant Brands International**.

Notably, both these stocks are remarkably down in the recent market turmoil. Both Suncor Energy and [Restaurant Brands stocks have fallen approximately 10% last week](#) and hit a new 52-week low on Friday.

Suncor Energy offers a dividend yield of 5%, while Restaurant Brands International yields 3.4% at the moment. Both these reported higher earnings in 2019 compared to 2018.

In a nutshell

Warren Buffett was criticized by many for not deploying such a huge hoard of cash for the last many years. However, it's not surprising that the legendary investor slowed down on buying companies in this period.

We are in the 11th year of the bull run now, and stocks with lucrative valuations must be hard to find. Critics must be at the receiving end, as markets are in the correction territory now. Notably, Warrant Buffett would do miracles with that cash hoard, particularly after the recent selloff. Time will better tell.

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Author

vinitkularni20

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