



Warren Buffett's Recent Investments Are Getting Crushed!

Description

Amid the collapse of the market, Warren Buffett has been buying stocks. The Oracle of Omaha recently placed a big bet on **Delta Air Lines** and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), among other investments that seem to have instantly soured following his purchase.

Nobody wants to see their stock plunge immediately after buying.

It not only hurts to be proven wrong over the short-term, but it can take a toll on your mental health. As you may be aware, losing money hurts far more than posting gains of the same magnitude.

We're all built with the "fight or flight" response that makes us prone to making rash decisions when the markets abnormally plunge by 4-5% on the daily.

To invest like Buffett, you need to temper your emotions

Believe it or not, Warren Buffett is only human. But he's been in the game long enough to know that it's foolish (that's a lower-case "f") to pay much heed to short-term fluctuations in stock price that are based on broader market moves.

Nobody knows where stocks are headed in the next day, week, or even month. When Buffett invests, he's committing to holding it for the long term, with little care as to what happens immediately after he's purchased shares.

When global markets are flirting with bear market territory, everybody on the Street has been in a state of extreme panic. The coronavirus (COVID-19) has claimed the lives of thousands — and that could easily propel us into a full-blown recession by year-end.

The financial impact of COVID-19 is scary on its own. When you consider the horrifying humanitarian consequences, though, it's not a mystery as to why everyone is downright frightened.

The disease outbreak could not only affect our wallets but our health, making COVID-19 one of the

most horrific things to happen in recent memory.

It's never a good idea to panic, though.

How Buffett catches falling knives during market crashes

Warren Buffett has been buying despite the negative market momentum and the dire humanitarian (and economic) consequences because he's a contrarian at heart. He knows that he'll probably get nicked by attempting to catch a falling knife.

That's why he's got ample dry powder on the sidelines (over \$120 billion) to average down his initial positions that could have the potential to be down big over the near-term. His cash position is akin to a Teflon glove that helps him reach out for falling knives without getting badly hurt.

Buffett's [airline](#) bet could be down billions over the last few weeks of panic-driven selling. And his Suncor Energy bet is likely making him look like a fool given the stock has collapsed 25% year to date. But for Buffett, that's to be expected when buying on crashes.

He just holds his nose and buys more pieces of his favourite businesses at discounts because he knows he'll eventually be proven right when the tides inevitably turn.

Suncor Energy has fallen into a tailspin, but Buffett's probably [licking his chops](#) at the latest pullback. He sees it as an opportunity to pick up more shares with a higher yield (nearing 6%) at an even lower price.

His current cost basis may be substantially higher than \$30 and change (where Suncor is at now), but he probably planned to lower it by averaging down his cost basis and averages up his dividend yield.

Oil's implosion continues

Oil recently crashed 30% as a failed OPEC deal has seemingly triggered a price war.

With West Texas Intermediate (WTI) sitting at around US\$30, most energy producers, no matter how well capitalized, are looking like duds.

Indeed, Buffett now looks to be horrible at predicting the trajectory of oil prices. But Buffett likely never wanted to "play" oil prices; rather, he sought a handsome, growing dividend at a reasonable price.

As Suncor shares continue tumbling, it'll have an even more handsome dividend at an even lower price.

As we speak, he may be accumulating even more shares.

Stay hungry. Stay Foolish.

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2. TSX:SU (Suncor Energy Inc.)

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