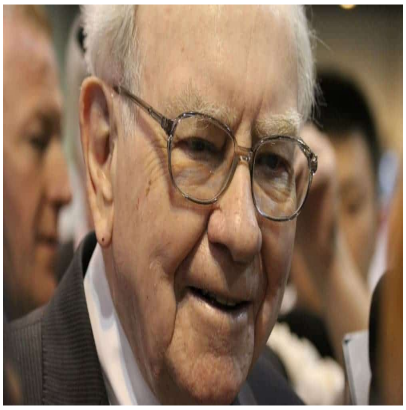

Warren Buffett: Is He Thinking of Selling His 2 Canadian Stocks Over Virus Fallout?

Description

Billionaire investor Warren Buffett says the financial crisis of 1987 and 2008 are scarier that the present market plunge. He admits, however, that it has been cruel for investors. He describes the coronavirus outbreak and the cratering oil prices as the one-two punch.

The pandemic is a new experience for him after 89 years of value investing. He realizes that markets react to news in a big-time way. His investments in the U.S. and Canada are also losing value. But what about his holdings, particularly Canadian stocks **Suncor** (TSX:SU)(NYSE:SU) and **Restaurant Brands** (TSX:QSR)(NYSE:QSR)?

No herd mentality

Panic-stricken investors are selling, but Buffett will not join the herd. Many times, he has seen panic reign in Wall Street. He is aware of the consequences, like foregoing gains. Still, his position of not selling is firm. Buffett believes that stocks are suitable for long-term investments, despite the current health crisis.

He said that investors couldn't use daily headlines as the gauge of future stock performance. In the present situation, you're likely to get more from your money in stocks than bonds.

Twin bad news

Bad news hit Buffett's TSX energy stock. The Colorado Department of Public Health and Environment fined Suncor a record US$9 billion in fines and penalties last week. The company committed several air emissions violations at its Commerce City oil refineries.

The penalty was the largest the state levied against a single facility. It covered the period from mid-2017 to mid-2019 plus the December 11, 2020, incident when three Suncor refineries belched clouds of ash-like dark orange dust over Commerce City and surrounding neighbourhoods. But more unsettling news followed.

The OPEC cartel failed to secure a deal with Russia to implement new oil production cuts. After the botched proposal, Saudi Arabia slashed prices to spark a price war in global energy markets.

Suncor has slid by 29.42% since March 6, 2020, and thus far, this dividend heavyweight is struggling with a year-to-date loss of 38.37%. A brutal stretch might be ahead as the oil price war rages.

Broken momentum

Quick-service restaurants are also under intense pressure because of the epidemic affecting the world. The industry where Restaurant Brands belongs is starting to show signs of weakness.

In the recent Q4 2019 quarterly earnings report, Buffett's favourite fast-food chain beat consensus estimates. There was robust organic growth in Tim Hortons, Burger King and Popeyes Louisiana Kitchen.

Revenue at Tim Hortons grew by $20 million to $872 million versus the same period last year while Burger King's top line rose by 8.2% to $462 million. Popeyes Louisiana Kitchen's revenue saw an increase of 36.8% to $145 million compared with the year-ago quarter.

Despite reporting a system-wide sales growth, this restaurant stock has fallen 25.3%. Rebounding from the slump might take a while, as coronavirus infections increase.

Restaurant Brands is due to complete its remodelling programs at Tim Hortons and Burger King by Q3 2020. The expansion of its Tim Hortons supply chain network in Canada is also ongoing.

Successful strategy

Warren Buffett's strategy has always been to buy right and sit tight. If you're looking for indications that he will unload his Suncor and Restaurant Brand holdings, there are none.

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