



Coronavirus and Oil Price 1-2 Punch Is Terrible for Canada Investors

Description

Billionaire investor Warren Buffett was forthright when he said that the coronavirus and falling oil prices are the “one-two punch” causing markets to plunge. For Canadian investors, this is double-barreled attrition because the energy sector composes 16.4% of the **Toronto Stock Exchange (TSX)**.

Berkshire Hathaway, Buffett’s conglomerate, has holdings in Canadian oil sands king, **Suncor Energy**. He admits that it’s the first time in 89 years that he’s witnessing a combination of [two blows in rapid succession](#). The decline in crude oil prices in particular is a shock to Canada’s economy.

But the one-two punch should also impact profoundly on Warren Buffett’s other **TSX** stock investment: **Restaurant Brands International (TSX:QSR)(NYSE:QSR)**, or RBI. The company that owns Tim Hortons, Burger King, and Popeyes Louisiana Kitchen is facing tough times. Expect the business to plummet due to the coronavirus scare.

Tough times ahead

Warren Buffett maintains a junk food empire composed of several brands like **Coca-Cola** and **Kraft Heinz** in his investment portfolio. But in the restaurant industry, the holdings are in RBI only. Sales of restaurants and fast-food chains will decline dramatically as people stay indoors or do strict home quarantine.

Many fast-food chains are opening only for takeout and delivery to prevent the spread of the virus. Customers can no longer eat inside restaurants. There’s also the worry that RBI will run out of buns, burger patties, chicken, or potatoes for fries.

According to RBI’s CEO Jose Cil, the company has a vast supply chain network, and it’s therefore unlikely to experience food supply shortages. But even more than the problem of inventory, the implementation of social distancing will rock the industry.

Safety concerns

The main concern is preventing the spread of the deadly virus. Quick-service restaurants like RBI need to be 110% sure about safety, no-contact delivery or drive-thru and pick up. Takeout, however, is equally hazardous because a worker or workers handling food preparation could be carriers of the virus.

As the [panic scenario](#) plays out, the effect on restaurants, fast-food chains, and coffee shops will be devastating. The public around the world has been warned to avoid mass gatherings. The only thing owners can do right now is monitor the evolving health situation closely. Hopefully, there will still be takeout, delivery, and curb services.

A new world

The coronavirus outbreak is perpetuating a new world that businesses in the restaurant industry will be fighting for. Passing of infection is likely during pick-ups and door-to-deliveries. If operations scale down and stores start closing, scores of employees are in danger of losing their jobs.

Warren Buffett said that the current panic brought about by the one-two punch isn't as bad as the financial crisis. He adds that markets react to news in a big way. However, lives are stake here. People should cooperate, follow safety directives, and stay home.

Governments are mobilizing and implementing aggressive measures to defeat the novel coronavirus. Canada's borders are now closed to most foreign nationals. The lifting of this exceptional measure is until further notice. Keep safe, Canada.

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