



Warren Buffett's Favourite Canadian Stocks Are Down: Buy the Dip?

Description

For many, Warren Buffett has been a voice of calm in a volatile stock market. Thanks to his popular interviews with *CNBC* and *Yahoo Finance*, he's given voice to bullish investors who don't buy into the doom and gloom. In these interviews, Buffett reassured investors that the current turmoil will pass, saying that it's not as bad as 2008 or 1987.

He seems to have put his money where his mouth is, too. A recent SEC filing showed that Buffett had purchased additional shares in **Delta Airlines**, a stock that's been beaten down in the current crisis. It was a classic Buffett move. With the airlines set to bounce back after the crisis abates, they'll almost certainly see their share prices soar eventually.

The same could be true of some Canadian stocks Buffett owns. Over the past few years, Buffett has accumulated shares in two TSX-listed companies that meet his investing criteria. Both of them are down — way down — in the current bear market. Depending on how things play out, they could be contrarian buys. To see whether that's the case, let's look at these two stocks in more detail.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is one of Canada's largest energy companies. It's a fully integrated energy producer that operates an entire energy supply chain from extraction all the way to sales. This enables it to capture more profit per barrel sold than an upstream-only company that has to sell to other energy companies.

It's easy enough to see why Buffett likes this stock. Under normal circumstances, it's mega profitable, thanks to its fully integrated nature and chain of gas stations. However, it's fallen 65% from its January high, which wasn't much higher than when Buffett bought. Most likely, [Warren Buffett's Suncor holdings are way, way down](#). The question is whether they could stage a comeback. If oil prices recover, that will no doubt happen. However, with oil prices tanking from the one-two punch of coronavirus and a price war, it may take a long time.

Restaurant Brands International

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) is Warren Buffett's largest single Canadian holding. Worth about \$273 million, it's one of his larger stock positions overall, too. Since the coronavirus bear market started in February, QSR has fallen 47%. That's not as severe as Suncor's slide, but still worse than the TSX.

Restaurant Brands is one company that's quite likely to bounce back from the current bear market. Unlike Suncor, it doesn't have any factors holding it back other than coronavirus. As a [fast-food company](#), it will see its customers come back the minute they're allowed to.

To be sure, QSR is losing money right now, with restaurants having been forced to close across the U.S. and Canada. However, it's sure to recover as soon as restrictions are lifted. All in all, it's likely to be worth more in a year than it is now. Of the two Buffett-owned Canadian stocks getting hammered right now, QSR seems like the better buy.

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