



## Warren Buffett Hasn't Witnessed a 1-2 Punch Like This in 89 Years

### Description

The recent market crash has got everyone drawing parallels with the market crashes of 1987 and 2008. There is no doubt that the crash has ended a long bullish streak of the market. Comparing today with past market crashes seems a bit premature for now.

There is no denying the fact that it is a significant setback for the market. Warren Buffett has recently spoken about the market crash, and the **Berkshire Hathaway** CEO has described the crash in boxing terms. Buffett has called it a one-two punch of COVID-19 outbreak and steep oil price dip. Buffett has also said he has never seen such a double whammy in the 89 years of his life. In his own words:

*"If you stick around long enough, you'll see everything in markets. And it may have taken me to 89 years of age to throw this one into the experience, but the markets, if you have to be open second by second, they react to news in a big-time way."*

The ongoing downtrend has also hit Buffett's holdings of over \$300 million in **Suncor Energy** ([TSX:SU](#)) ([NYSE:SU](#)) badly. Since the last week of February, the Suncor stock has dipped more than 50%. Buffett's recent decision to invest in the Canadian integrated [energy](#) company for a second time looks like a bad move now.

This is not the first time Buffett has a holding that has experienced a huge dip. Buffett makes investments for the long term. So, we can't just say it is an out and out wrong investment decision.

There must be some wisdom behind Buffett's decision to stick with Suncor. I think Buffett initially bought and perhaps will keep on holding Suncor in his Berkshire Hathaway portfolio for these two reasons.

### A cash cow

Last year, Suncor racked up revenue north of \$10 billion. Nearly half of that amount was paid out in the share repurchases and [dividends](#). The integrated oil company has brought around \$6.7 worth of share repurchase in the last three years.

It has helped Suncor in improving its depleted earnings per share equation. The retail operations of Suncor with its 2009-merger of Petro Canada help it in maintaining a stable cash inflow.

The coronavirus die-down and readjustment of crude oil prices could reignite the cash flow generator of the Suncor to its 2018 levels.

## A multifaceted business model

Suncor is an integrated energy company. It has its operational footprint spread across the upstream, midstream, and downstream of the oil infrastructure. Moreover, it is not just a gasoline company; Suncor is the largest bitumen explorer and supplier in the entire world and also operates in the natural gas sector.

This multifaceted and integrated business model with a strong balance sheet could prove to be an asset for Suncor Energy in the “lower for longer” oil price scenario that many experts are predicting.

## Silver lining

While the ongoing market crash might not be the worst, it's undoubtedly one-of-a-kind, as termed by many, including Warren Buffett.

His long-term holding Suncor has hit the bottom of the barrel for now. However, there is a silver lining for long-term Suncor shareholders, given its diversified energy profile and retail front.

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1. Energy Stocks

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2. NYSE:BRKA (Berkshire Hathaway Inc.)
3. NYSE:SU (Suncor Energy Inc.)
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**Date**

2025/08/23

**Date Created**

2020/03/28

**Author**

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