



Warren Buffett Is Ready to Pounce on This Recession With Over \$100 Billion in Cash

Description

While the [coronavirus is brutalizing the stock market](#), Warren Buffett is drinking more **Coca-Cola** at home while working. He is taking precautions and following government restrictions. The billionaire investor, however, isn't showing panic despite the significant drops in the value of his stock investments.

Berkshire Hathaway, Buffett's conglomerate, has about \$10 billion invested in four airline companies. The industry is the hardest hit that bankruptcy is looming for some airlines. He also has money in other companies that are fighting for survival.

People in the investing world are curious as to how the world's greatest investor in the modern era will play the distressed market.

Unchanging principles

Buffett bought his first stock in 1942 during the World War II era. Since then, he was witness to many market storms. Other market disruptions in his time include terrorist attacks and the 2008 financial crisis that caused the near-collapse of financial systems.

Berkshire's [stock investments](#) are getting crushed at the moment. The average stock in the portfolio is off by nearly 37%, while the top 20 holdings are down by almost 31%. Apple shares compose 35.44% of the total portfolio and are also losing by 16.19% year-to-date.

Even if his empire is losing billions of dollars, Buffett isn't predisposed to changing his investing principles. Some of Berkshire Hathaway's best investments were purchased during the 2007-2008 economic meltdown. The man is an optimist; he's certain that markets will ultimately recover.

The next move

When the yield curve inverted some time ago, Buffett was quoted as saying, "I just hope I see a lot of recessions." Given the present circumstances, will Buffett follow his advice to act greedy when others are fearful?

Berkshire Hathaway has more than \$100 billion in cash at its disposal. The company can do a buyback or deploy the capital to buy ailing companies to once again reap enhanced returns in the future.

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) is the only quick-service restaurant that Buffett owns. In 2014, Berkshire extended a \$3 billion financing to the then ambitious fast-food chain.

One of the brands, Tim Hortons, is now one of the largest coffee shop and restaurant chains in Canada. Along with Burger King and Popeyes Louisiana Chicken, Tim Hortons is also a popular global brand.

In the stock market, RBI is tops for value and perhaps the best value coffee stock. Year-to-date, however, the stock is down 23.6%. Fast-food chains are seeing a significant decrease in foot traffic. But stores are open for takeout and delivery only. Management assures their food supply or inventory is ample to meet demand.

The bottom line of RBI will certainly take a big hit due to the coronavirus outbreak. But Buffett is likely to hold the stock and not sell. For decades, he has maintained a long-term view on stocks.

Taking the high road

In 2018, Buffett said that it's insane and immoral for executives to buy their companies' shares to pump up the prices. Thus, expect Berkshire Hathaway to take the high road. Today, Buffett might be scouting for stocks trading at reasonable, if not bargain prices.

CATEGORY

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