



## Is Warren Buffett Looking to Buy More Canadian Stocks?

### Description

In the past few weeks, Warren Buffett has been uncharacteristically quiet. Now working from home, he has made few media appearances and even fewer stock purchases. In the past, Buffett was a reassuring voice of reason in bear markets, imploring investors to stay the course.

Now, however, he seems to be missing in action. While Buffett is avoiding in person appearances due to COVID-19, there's nothing stopping him from doing phone interviews or writing op-eds. In light of this, it really does look like Warren Buffett is avoiding the limelight.

Which raises the question: What, exactly, does the Oracle of Omaha like right now? A recent SEC filing showed that Buffett had [sold a massive \\$300 million position](#) in **Delta Airlines**. Apart that negative signal, we really haven't heard much.

It's well known that Buffett has been sitting on a \$128 billion cash pile waiting for his moment to strike. But, what, if anything will he buy? So far, the answer appears to be "not much." However, as you're about to see, there are several Canadian stocks that Buffett could be interested in buying.

### Canadian stocks that Buffett might like

The most obvious Canadian stock purchases for Buffett to make would be companies in which he already has positions. The two big ones are **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)).

These two stocks are fairly large components of Buffett's portfolio. It wouldn't be too hard to imagine a scenario where he buys more of them.

Suncor, in particular, is looking like a classic Buffett play right now. Trading at just 11.5 times earnings and sporting a monster 8.7% yield, it has all the tell-tale signs of a value play.

That said, Buffett could be in trouble with his SU holdings. He has gone on the record as calling SU a “bet on higher oil,” and that bet has not paid off.

Oil seems capable of hitting new and surprising lows with each passing day. If this continues for long, Buffett may dump SU at a loss like he did with Delta.

As of this writing, Western Canadian Select crude was trading at just \$4.2. That’s an incredibly low price for producers operating in Western Canada. With oil that low, it’s virtually impossible for companies like Suncor to turn profits.

While most people expect oil to rebound, the possibility for financial problems in the interim is very real. This would probably override a superficially cheap valuation in Buffett’s decision making process.

Restaurant Brands International is another Canadian stock Buffett could buy more of; as the company that owns Tim Hortons, Burger King and Popeyes, it has a massive fast food empire that’s sure to bounce back when the economy re-opens.

Popeyes in particular has been a real star for the company, rising on the strength of its [new chicken sandwich](#). In its most recent quarter, Popeyes’ same-store sales grew by an astounding 34%.

It seems more likely that Buffett would double down on QSR than SU. QSR’s fortunes aren’t tied to the price of a commodity, so it has fewer macro concerns to worry about than SU does.

Another thing that QSR has going for it right now is operational flexibility. At least two of its subsidiaries—Burger King and Tim Hortons—are equipped to offer drive through ordering. This is an advantage in today’s uncertain environment, where sit down restaurants are closed.

That said, lockdowns are impacting QSR’s sales, so their duration remains a big question mark for the company.

## Foolish takeaway

Over the years, Buffett has been an extremely vocal investor, opining on every market downturn he’s lived through. His behaviour in the most recent crash has been a marked departure from the norm, however. Nobody knows whether Buffett will be buying more Canadian stocks any time soon.

If he were to buy, my guess is that he’d increase his stake in Suncor or Restaurant Brands rather than initiate a new position in another Canadian company.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)

2. NYSE:SU (Suncor Energy Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SU (Suncor Energy Inc.)

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