



What if Warren Buffett Isn't Buying Anything Amid the Coronavirus Crisis?

Description

It's an unprecedented time to be an investor. [Just ask Warren Buffett](#), who hasn't seen anything like this in his 89 years.

The coronavirus (COVID-19) pandemic has taken a toll on the global economy, and with the World Health Organization (WHO) recently warning that the "worst is yet ahead of us," and as the world looks to re-open the economy, the stock market could be in for another doozy, as we navigate through what's likely to be an unprecedented quarter.

Even if infections are slowing, it's vital not to get too complacent early on, as the uncertainties still couldn't be greater.

Nobody knows what will happen to the rate of spread once restaurants and all the sort are up and running again. And with the risk of resurgence that could occur later in the year due to the potentially "seasonal" nature of the virus, it would be wise to follow in the footsteps of Warren Buffett — not by being super greedy, but by maintaining ample liquidity at this critical juncture.

Warren Buffett buys on the cheap, but it's hard to know what's cheap when the coronavirus grips the market

I can't remember a time where the uncertainties were greater.

Few things in life are more unpredictable than biology. As such, investors should not expect Warren Buffett to throw every ounce of liquidity at stocks amid these most uncertain times. You see, the man is all about buying businesses at known discounts to their intrinsic value.

During the Financial Crisis, Buffett had a bit more clarity than during this pandemic, so it may have been easier for him to gauge the intrinsic value of businesses and bag the bargains served up by Mr. Market.

Heck, a few smart folks, including Prem Watsa (the Canadian Warren Buffett) of **Fairfax Financial Holdings**

, actually saw the housing meltdown and the consequences coming well before stocks fell off a cliff in 2007-08. As a result, the Financial Crisis proved to be a generational opportunity for firms like Fairfax to hedge themselves and rise to become one of few stocks in the green in a market that was a sea of red.

With the **TSX Index** down just 20% from the top after the recent multi-week bounce, both Warren Buffett and Prem Watsa may be more likely to sit on their hands since the uncertainties are arguably greater than the prime of the Financial Crisis and the discounts far more muted and less abundant on a relative basis.

Charlie Munger can speak for Warren Buffett as well as Berkshire Hathaway

Now, we'll likely never really know what Buffett is up to until **Berkshire Hathaway's** annual meeting on May 2. But given the [recent commentary of his right-hand man Charlie Munger](#), I'd have to say that I wouldn't be surprised if Warren Buffett isn't buying quite as aggressively as most other retail investors amid the coronavirus crisis.

"We're like the captain of a ship when the worst typhoon that's ever happened comes," Munger said. "We just want to get through the typhoon, and we'd rather come out of it with a whole lot of liquidity."

These are dire words coming from a man who's been known to be greedy while others are fearful. For now, Berkshire may be gearing up to answer the calls of distressed firms that thaw out after the initial shock-induced "freeze."

Foolish takeaway

The key takeaway is that you should maintain sufficient liquidity and see this pandemic as an unpredictable beast like a typhoon that will stand to reward cautious optimism rather than excessive greed.

Do be a buyer of bargains as they come along, but don't throw every ounce of liquidity at stocks, because you're going to need it should worse come to worst.

And please don't go into a panic if it's discovered that Warren Buffett (or Prem Watsa) hasn't been a net buyer of stocks for the last quarter. He may be waiting for better bargains that may be right around the corner. Be like Buffett and maintain ample liquidity, so you'll be able to capitalize on bigger bargains should they come to be.

Stay hungry. Stay Foolish.

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