



Warren Buffett's Latest Moves Scream Another Market Crash Is Coming

Description

Given that Warren Buffett's latest moves have been dumping the whole airline stake and not making any major investments despite having a huge cash pile at the ready, we should be wary. It might not be too much of a stretch to say that there might be another market crash coming. Maybe then the proponent of "be greedy when others are fearful," will finally make some moves.

The indicator named after the famed investor (Buffett indicator), on the other hand, is giving some ghastly signals for the future.

IMF's warning

Buffett indicator is a simple formula to check the "temperature" of the stock markets across the globe. Based on that, the International Monetary Fund forecast a very grim picture of the future of the global economy. While its projections are more in-line with the U.S. GDP, the repercussions will be felt across the globe.

Another major correction might be lurking in the near future, which might plunge the currently "hopeful" stock market farther down than it fell in March.

Buffett's silence about what he and **Berkshire Hathaway** is doing with the huge cash pile could well continue until the company releases its second-quarter results. Then we might know what moves the Wizard of Omaha is making behind the scenes. And if he hasn't made any acquisitions yet, it means he truly believes the worst is yet to come. And if he's right, investors had better be ready.

Prepare your portfolio

If you've invested in good companies, the best thing you can do is to hold on to your portfolio. If you primarily earn money through systematically selling your shares for capital gains, you may want to get a bit more liquid, just in case. So you don't have to sell some of your stocks when they are trading at rock bottom prices during the second crash.

You may also want to keep an eye out for stocks like **Canadian Apartment Properties REIT** ([TSX:CAR.UN](#)) if another crash is coming. While the company still hasn't fully recovered from the previous crash, it's one of the swiftest recovering ones in the sector. It's also [a Dividend Aristocrat](#), with eight years of dividend increases under its belt.

If another crash comes, the company might sink worse than it did in March, giving you a perfect opportunity to grab this decent mix of growth and dividends. With a five-year compound annual growth rate (CAGR) of 15.5% and a yield of 2.75%, it's a very decent [stock even now](#). But if it falls 30% to 40% down in the next crash, the valuation and resulting yield will make it even more desirable.

Foolish takeaway

Buffett's aversion to decisive moves and a number of other factors are indicating another crash — one where the market might not recover from as swiftly as it did with this one.

That said, many gurus and predictions have been wrong in the past. For optimistic investors, let's hope it's one of those times. But the realists might want to start battening down the hatches.

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