



Warren Buffett: Are We on the Brink of a Stock Market Crash?

Description

Warren Buffett is not missing in action in the 2020 market crash, as many are saying. The greatest investor of all time has his reasons for staying away and not deploying cash. He was ready to save companies and get bargain deals, as he did in the 2008-2009 financial crisis.

However, the U.S. Feds beat him to the draw. The government was swift with its massive stimulus. Buffett has sat on the sidelines since and sold more stocks than he's bought. His gut feel tells him the market is full of uncertainties. If he's not buying, are we on the brink of a second [market crash](#)?

Red flag

At the close of March 2020, **Berkshire Hathaway** had a record \$137 billion in cash. The reluctance of Buffett's conglomerate to make stock purchases worries hedge-fund billionaire, Leon Cooperman. For him, Buffett's inaction is a red flag. He said, "If the greatest investor in my generation can't figure it out, who am I to be bold?"

In Q1 2020, Berkshire made only \$1.8 billion in net stock purchases, while net stock sales in April were about \$6.1 billion. Everyone knows Buffett ditched his entire airline stock holdings.

Masquerade

Should investors watch out for another market crash because Warren Buffett is not moving? The idea of the next free fall is prominent in the minds of many due to the elevated volatility. There are circuit breakers such as the stimulus packages to deter a disaster.

Nonetheless, the stock market is surging, even if the economic picture is dire. Perhaps speculators, without regard for fundamentals, are driving the market. The triggers could be a second wave of the coronavirus, bankruptcies, high unemployment, or a deep recession.

The risks are genuine, and the stock market is [masquerading](#). Whether it's tomorrow, next week, next month, or later this year, no one can exactly tell when a crash or correction will happen.

Glittering gold

On the TSX, an \$827.19 million mid-tier gold and copper production company is gaining tremendous headway. **Aura Minerals** ([TSX:ORA](#)) is among the best-performing stocks during the pandemic. The gold stock is outperforming the general market by a mile.

As of this writing, the stock price is \$195, representing a year-to-date gain of 656.4%. Investors gravitate to gold when the market is in turmoil. If you want to gain exposure to the precious metal, Aura Minerals is your best bet.

Aura Minerals engages in mineral exploration and produces gold, silver, copper, and iron core. Its development and operation of gold and other base metal projects are in the Americas. The producing assets are in Brazil, Honduras, and Mexico. There is one pre-operational gold mine in the U.S. and a gold project in Colombia.

Starting in 2021, the company will declare and pay cash dividends once a year based on the preceding year's results. Aura's board of directors recently approved a dividend policy. Shareholders have something to look forward to next year.

Hallmark of a savvy investor

Given the unprecedented crisis, Buffett would rather keep his cash and sleep well. He's not a speculator but a savvy investor. He will wait for a quality investment that suits his portfolio rather than waste his money on some junk.

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