Huge Market Crash Coming? Warren Buffett and Other Experts Sound the Alarm

Description

Billionaire investors are parading and sounding the alarm on the coming of a massive market crash. The GOAT of investing is leading the parade of the wealthy. Warren Buffett is supposed to be deploying cash in a declining market, but he isn't.

People find it odd that Buffett has lost his investment appetite in 2020. His conglomerate has $137 billion in the treasure chest. The first significant pandemic deal happened only this month. **Berkshire Hathaway** purchased the gas transmission and storage assets of **Dominion Energy** for $9.7 billion.

Induced hallucinations

People are staying home due to COVID-19 and are playing stock market. The contrarian moves of these amateurs worry Buffett. He doesn't like the mindless buying and speculating. Day traders, especially, are scooping up shares of distressed companies.

The day-trading boom at present has similarities with the dot.com bubble in early 2000. Buffett said that investors are focusing "not on what an asset will produce but rather on what the next fellow will pay for it."

Market bubble will burst

NBA personality and owner of the Dallas Mavericks franchise Mark Cuban shares Buffett's sentiment. He believes the stock market's breathless rally will end once the magnitude of the pandemic's devastation is known. Day traders are making money thinking they are geniuses in a bull market.

Howard Marks, another billionaire investor and CEO of Oaktree Capital in the U.S., said people are buying stocks for fun. Don't look at it as a gambling game because reckless trading is not healthy. Many thought during the dot.com era, it was a "can't miss strategy." The bubble eventually burst.

Defensive stop in a falling market

The purchase of Dominion Energy assets by Berkshire indicates Buffett's move toward pure-play state-regulated, sustainability-focused utility operations. There is a utility stock on the **TSX** that makes for the same attractive investment option.

Fortis (TSX:FTS)(NYSE:FTS) is the top-of-mind choice if you want exposure to the utility sector. This $24.46 regulated electric company has bond-like features but offers higher returns. You'll be investing in a long-term dividend play.

During recessions, investors look for defensive stocks. The business of Fortis will endure economic meltdowns, including the current health crisis. It is a well-diversified and acknowledged leader in North America's regulated electric and gas utility industry.

This utility stock is holding up well so far. The shares of Fortis are down by less than 1% year-to-date. The 3.63% yield is safe and sustainable, given the low payout ratio of 49.73%. As per management, dividends will increase by 6% annually up to 2024.

Fortis' total income-producing assets of $57 billion as of March 31, 2020, are operating in Canada, the U.S., and the Caribbean. About 99% of them have protection from volume declines. The multi-operating assets have no exposure to commodity prices too.

Reality will set in

The billionaire wannabes are gambling, not investing. Buffett, Cuban, and Marks are warning investors not to get carried away. Now is not the time for speculating because the market is standing on thin ice.

When a pullback happens, it will trigger a severe sell-off as people will yank out their money from the market.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise

6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/20
Date Created
2020/07/11
Author
cliew