



Warren Buffett Amazes the Markets Again and Buys Barrick Gold (TSX:ABX)

Description

The legendary investor Warren Buffett once again surprised the global investing community with his trades recently. Buffett-led **Berkshire Hathaway** (NYSE:BRK.A)([NYSE:BRKB](#)) was pretty active during the second quarter of 2020, which saw one of the best recoveries after an epic crash in March.

Warren Buffett in Q2

Institutional investors disclose their stock holdings through 13F filings after 45 days of the quarter-end. Berkshire Hathaway's 13F filing is unquestionably one of the biggest events across the streets, and this time, it was even more special.

It seemed quite contradictory to Buffett's investing philosophy when he stayed away during the huge market sell-off in Q1 2020. But he made a handful of bets in the subsequent quarter.

Berkshire Hathaway bought approximately 21 million shares of the Canadian miner **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). Shares of the second-biggest gold miner are up more than 50% so far this year.

The company has seen a solid earnings boost in the last few quarters on the back of rallying gold prices. It has also been working on trimming the debt and making its balance sheet healthier.

However, from the valuation perspective, Barrick Gold stock was not that cheap in Q2 to fit Buffett's investing criteria. Based on today's price, Berkshire's stake in Barrick is valued at around \$750 million.

Gold to glitter more

Interestingly, bullion does not entice Buffett, at least according to his earlier statements. But as we all know, this crisis is different. With central banks across the globe printing more and more money, and interest rates stuck close to zero, Buffett's actions suggest that the yellow metal has a long way to go.

Notably, higher realized gold prices could significantly boost Barrick's earnings at least in the next few quarters.

Berkshire Hathaway boosted its stake in Suncor Energy

Among some other bets, Berkshire Hathaway increased its stake in Canadian energy giant **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) in the second quarter. At the end of the quarter, Buffett's investing conglomerate held approximately \$430 million worth of Suncor Energy stock.

Notably, Suncor has been one of the laggards among Canadian bigwigs and has lost around 50% of the value in 2020. In the first half of this year, it [reported](#) a more than \$4 billion loss, driven by the lower oil prices.

It's not just Suncor; the entire energy sector worldwide is reeling under pressure amid the pandemic. However, Suncor seems relatively better placed against peers because of its large downstream operations.

Buffett sold stakes in four major airlines earlier this year. In Q2, he also trimmed positions in financial institutions like **JPMorgan** and **Well Fargo**, indicating his [unceasing bearishness on the overall economy](#).

Bottom line

The Oracle of Omaha has been on a lookout for an "elephant-sized transaction" for the last few years. His company Berkshire Hathaway is sitting on a cash pile of approximately US\$140 billion, and still, he is playing it safe.

Only time will tell if his moves make him a money loser or a gainer of 2020. But one thing is certain: with that cash hoard, he will have the last laugh if the market crashes again.

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