



## Warren Buffett Recently Bought Barrick Gold (TSX:ABX) Stock: Should You Buy Gold Today?

### Description

Warren Buffett's **Berkshire Hathaway** just revealed a large position in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). The news sent Barrick Gold's share price soaring by 10%, as investors scrambled to follow the legendary investor's lead.

### Warren Buffett changes gold view

Buffett has historically avoided gold and gold mining stocks, so the move suggests he has a strong positive outlook for the yellow metal.

In fact, Berkshire invested US\$562 million in Barrick Gold shares during the three months that ended June 30, according to the company's required quarterly SEC filings.

The position is relatively small compared to Berkshire's other top holdings, but it is large with respect to holders of Barrick Gold stock.

One data report says Berkshire now holds the 11th-largest position in Barrick Gold.

### Barrick Gold's appeal for Warren Buffett

Barrick Gold just raised its dividend by 14%. Warren Buffett likes companies that pay [dividends](#) and have the ability to keep increasing the payouts.

Gold surged from US\$1,300 per ounce in the spring of 2019 to a recent record high above US\$2,000. Barrick Gold has annual gold production as high as five million ounces, so the company stands to generate significant cash flow at the current gold price.

In the Q2 earnings report, Barrick Gold said it continues to use US\$1,200 per ounce as its baseline price for making investment decisions.

Barrick Gold has worked hard to reduce debt in recent years. The company also merged with Randgold to create a gold mining giant with five of the top 10 mines on the planet.

Barrick Gold owns copper mines as well. The price of copper is up 40% since hitting a March low near US\$2 per pound. The anticipated wave of fiscal stimulus measures to revive economies around the world could result in strong demand for [copper](#) in the next few years.

## Gold price outlook

Gold trades near US\$1,990 at the time of writing. Analysts have wide-ranging estimates for the price of gold over the next 18 months.

Most predictions sit above the US\$2,000 mark, with US\$3,000 considered possible by a handful of market watchers.

The bullish view on gold stems from a number of market factors that have been in place for the past year and continue to provide a tailwind.

Central banks reduced interest rates through 2019, and that trend picked up speed after the arrival of the pandemic. Low interest rates reduce the opportunity cost of owning gold, which doesn't pay you any return.

Government bonds around the globe already traded at negative rates in some countries in the past couple of years. Pundits speculate the United States could eventually join the club. In a situation where you have to pay the government to hold your money, gold begins to look quite attractive as an alternative.

Safe-haven seekers also buy gold, especially when they anticipate geopolitical unrest or instability in financial markets. The trade tensions between the United States and China helped push gold higher in 2019. That situation remains volatile and could escalate heading into the U.S. election this fall.

The election alone might be a reason safe-haven buyers want protection.

## Time to buy Barrick Gold stock?

Warren Buffett is revered as one of the planet's greatest investors. The fact that Berkshire is comfortable betting more than US\$500 million on the gold miner is a positive sign.

Investors who are underweight gold in their portfolios might want to consider starting a small position right now.

### CATEGORY

1. Coronavirus

2. Investing

## **TICKERS GLOBAL**

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

## **PARTNER-FEEDS**

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

## **Category**

1. Coronavirus
2. Investing

## **Date**

2025/08/27

## **Date Created**

2020/08/17

## **Author**

aswalker

default watermark

default watermark