



Warren Buffett: Golden Opportunity in Barrick Gold (TSX:ABX)?

Description

Amid the COVID-19 pandemic, Warren Buffett has been doing a considerable amount of [selling](#), dumping his entire stake in commercial U.S. airlines and trimming his significant bank exposure. Recently, Warren Buffett scooped up shares of top-tier gold miner **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) after having slammed the yellow metal for the majority of his investment career.

Given recent stock sales and his newfound love for gold miners, one would think that Buffett is just bearish on the overall market. While there is the potential for danger in the stock market with the insidious coronavirus still lurking around, I don't think investors should make [rash decisions](#) by selling and backing up the truck on gold or gold miners.

You see, nobody, not even Buffett, knows where the markets are headed next over the near-term. By concluding that the man foresees a market crash, you may be inclined to make moves you'll regret, as the economy heals from this crisis, especially if your portfolio is already well-diversified.

Warren Buffett goes back on his words — again

Indeed, Warren Buffett's foray into gold miner stocks was a major shock. But this isn't the first time that Buffett had taken a 180-degree reversal on his views of a sector or an industry. It was widely known that Warren Buffett was not a fan of the tech sector or the airline industry before he entered both areas with eyebrow-raising investments that went against his previous comments.

Tech was outside Warren Buffett's circle of competence, and airlines were too risky (perhaps overly cyclical) to be worthy of his investment dollars. Eventually, Buffett went back on his words and got into both areas of the market that he'd previously shunned.

The latter stance reversal (airlines) ended up being a mistake, as airline stocks imploded on themselves during the February-March coronavirus sell-off. In contrast, the former reversal (tech) allowed Buffett to make a killing in shares of **Apple**.

So, is Buffett's stance reversal on gold a mistake like his decision to warm up to the airlines before the

pandemic? Or is Buffett onto the next big opportunity in this unprecedented market?

Has Warren Buffett spotted a golden opportunity in shares of Barrick Gold?

Gold's recent run has been nothing short of unprecedented. Gold prices have surged above US\$2,000, and some pundits think the precious metal could be headed as high as US\$3,000. If such a scenario ends up happening, the gold miners could be an even timelier opportunity than Apple was when Warren Buffett got in, as their profitability looks to rocket over a concise period.

I've been pounding the table on Barrick, calling it the gold standard as far as gold miners are concerned. But I'm not a fan of buying in after the ABX stock's 11% single-day bounce, so Canadians should add the premier miner to their radars and look to get in on a pullback. Gold miners are a stellar way to hedge rising inflation risks. With a bountiful 1.1% dividend yield, Barrick is a rare gold play that can be "productive" for your portfolio over time.

Foolish takeaway

If you lack any lowly correlated assets in your portfolio and are keen on getting in now, I'd get skin in the game with Barrick at these heights. But make sure you've got cash on hand to double-down if a correction is in the cards.

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Date

2025/08/25

Date Created

2020/08/20

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