



## Warren Buffett: Going All-In on This Gold Stock

### Description

Warren Buffett may be the best investor of all time. But one thing he's never liked is gold.

"Gold gets dug out of the ground in Africa, or someplace. Then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. It has no utility. Anyone watching from Mars would be scratching their head," he said in a 1998 at Harvard University.

Apparently, he changed his mind. Buffett recently made a \$560 million move that goes all-in on gold.

### Things change

Buffett's words of caution in 1998 weren't his last. In 2009, he told *CNBC* that he still wasn't a fan.

"I have no views as to where it will be, but the one thing I can tell you is it won't do anything between now and then except look at you," he responded when asked where gold will be in five years.

"Whereas, you know, **Coca-Cola** will be making money, and I think **Wells Fargo** will be making a lot of money, and there will be a lot — and it's a lot — it's a lot better to have a goose that keeps laying eggs than a goose that just sits there and eats insurance and storage and a few things like that," he concluded.

A few years later, Buffett delivered some more memorable remarks.

"You could take all the gold that's ever been mined, and it would fill a cube 67 feet in each direction," he told *CNN*.

"For what it's worth at current gold prices, you could buy — not some — all of the farmland in the United States. Plus, you could buy 10 **Exxon Mobile**, plus have \$1 trillion of walking-around money. Or you could have a big cube of metal. Which would you take? Which is going to produce more value?"

You may be surprised to learn, then, that Buffett now [owns](#) \$560 million worth of stock in one of the

world's biggest gold mining companies.

## Buffett buys gold

It was recently revealed that Buffett's holding company **Berkshire Hathaway** now owns a large stake of **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). What's the deal?

Many investors think this means Buffett has turned ultra-bearish on the stock market and the economy. This isn't the only signal that he's growing cautious.

For example, one of his favourite stock market metrics just turned incredibly [bearish](#). The Oracle of Omaha once called this indicator "the best single measure of where valuations stand at any given moment."

Owning gold would help insulate his portfolio from future downturns, and even long-term inflation. If you want to own gold, Barrick stock is a great way to get quick exposure.

Last year, the company produced 5.5 million ounces of gold. All-in costs were roughly US\$900 per ounce. It ended the year with around 70 million ounces of gold reserves. In summary, this is a massive gold company, one with a market cap big enough to soak up Buffett's massive cash hoard.

Buffett seems nervous, but he's still betting big on his top long-term picks. Now, more than ever, long-term planning will win.

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