



Warren Buffett: In the Eye of a Stock Market Hurricane

Description

Billionaire investor Warren Buffett is [back in his element](#) after dropping out of the 2020 market crash scene. The GOAT of investing thrives in a declining market, so people were stunned he did not take advantage of earning opportunities in the ensuing rally.

Mr. Buffett celebrated his 90th birthday on August 30, 2020, with seven decades of successful investing behind him. He's one of the wealthiest persons on earth with his net worth of more than \$80 billion. The most popular investor braces for a stock market hurricane, but keeping his fears in check after the one-two punch in March 2020.

Chaos all around

Investors are having a grand time while the [stock market gains traction](#) again following a tumultuous first quarter. However, Buffett warns against the craziness. He, along with other billionaires, sees the same euphoria during the dot.com bubble of 1999-2000.

Market gurus then thought the companies, mostly tech firms, were overvalued. Many had a fear of missing out on the bull market. The dilemma, however, was that getting out too early might mean losing out on massive gains. Likewise, bailing out too late could cause significant losses.

Buffett's conglomerate, **Berkshire Hathaway**, made changes to its investment portfolio in the second quarter of 2020. It sold more stocks than it bought. The company dumped its entire holdings in **Goldman Sachs**, **Occidental Petroleum**, and quick-service food chain **Restaurant Brands International**.

Berkshire bumped up holdings in **Bank of America** to 981.6 million shares but slashed its stakes in **JPMorgan** and **Wells Fargo**. It appears Buffett is anticipating the banking sector to face strong headwinds due to increasing loan defaults. Also, he sees the economic pain that will follow when governments' stimulus packages wind down.

New safety net

The Oracle of Omaha bought little in the second quarter of 2020 but found a new safety net to counter market volatility and uncertainty. His single purchase and the only addition to Berkshire's portfolio was Canadian mining stock **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD).

Berkshire bought 20.9 million shares of the gold stock worth around \$564 million. Barrick Gold CEO Mark Bristow expressed delight saying, "It's the ultimate privilege to have Berkshire Hathaway as an investor in one's company and something that I've been aspiring to."

If you want a safe anchor, you can follow Buffett's latest move. The shares of the \$67.39 billion gold and copper producer are outperforming the general market. Current Barrick Gold investors are winning by 58.58% year-to-date and enjoying a 1.09% dividend.

Wall Street experts recognize the precious metal stock as a safe investment to combat the as COVID-19 outbreak. The price of the commodity gold is rising and benefitting from the weak US dollar. Buffett's entry into gold signals cautions to greedy investors.

Golden touch

Warren Buffett isn't a gold fan, so his conversion in 2020 surprises even his loyal followers. However, the value investor is accepting the new market reality. The lingering COVID-19 pandemic and elevated geopolitical uncertainty should push the price of the yellow metal higher. Somehow, Buffett is suggesting you are safe with gold, given the current crisis.

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Date

2025/07/20

Date Created

2020/09/07

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