



## Warren Buffett: Betting on a Canadian Market Crash?

### Description

Warren Buffett has been keeping eerily quiet in 2020. After suffering a \$50 billion accounting loss in the first quarter, he's been playing his cards close to his chest. It's well known that Buffett has been selling stocks this year. He exited his position in airlines entirely, and significantly trimmed his exposure to banks. Apart from that, though, it's not clear exactly what the Oracle of Omaha is up to.

One thing we *do* know is that Buffett has been active in Canadian stocks. Specifically, in selling them. This year, he exited at least one of his *Canadian* holdings completely, leaving just two in his portfolio. That has led some to speculate that Buffett is betting against Canada. But is he really betting against Canadian markets as a whole—or just this one individual stock?

### Buffett sells Restaurant Brands stock

In the second quarter, Warren Buffett exited his position in **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) stock. The Canadian restaurant company suffered lower sales as a result of the COVID-19 pandemic. While sales increased at Popeyes, they decreased at both Tim Hortons and Burger King.

Overall, the company earned \$0.35 per share in the second quarter, compared to \$0.55 in the same quarter a year before. Despite the earnings decrease, company management remains optimistic about the long term. Buffett apparently disagreed, exiting his entire position in QSR.

### Doubles down on Suncor

**Suncor Energy Inc** ([TSX:SU](#))([NYSE:SU](#)) is one Canadian stock that Buffett is [still a big fan of](#). In the second quarter, he bought more of the stock—which is down more than 55% since he bought it in 2018. It's not clear why Buffett still likes Suncor. Much like the airlines he sold out of, Suncor could get rocked by a new round of lockdowns.

When people aren't travelling, demand for gasoline decreases. Suncor, which sells gasoline directly

consumers, would take a hit in the event of another sweeping lockdown. Since April, energy prices have recovered, but they remain vulnerable to pandemic-related conditions.

## Picks up Barrick Gold

Perhaps the brightest spot for Canada in Buffett's Q2 filings was his purchase of **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) stock. In the quarter, he bought 20 million shares, [worth about \\$586 million](#) at today's prices. This move had many Buffett watchers scratching their heads. Buffett has gone on the record as saying he doesn't like precious metals, so it seemed odd that he'd suddenly bet on a major gold miner.

However, the move may not actually have been Buffett's own. **Berkshire Hathaway** has two other money managers handling its investment portfolio. It's possible that one of them decided to take the position in Barrick gold. The fact that the purchase was not large as a percentage of Berkshire's cash horde lends credibility to this idea. But as CEO, Buffett at least didn't oppose the purchase, possibly indicating that his opinion on gold has changed.

## Foolish takeaway

When looking at Buffett's Q2 moves, it appears that his QSR exit is more a bet against that one company than Canada as a whole. While he may have exited one Canadian stock, he bought one afresh and doubled down on another. It seems unlikely, in light of this, that Buffett thinks the **TSX** is a disaster waiting to happen. We may get more info on this when Berkshire releases its Q3 earnings later this year. Until then, stay the course, but proceed with caution.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:ABX (Barrick Mining)
5. TSX:QSR (Restaurant Brands International Inc.)
6. TSX:SU (Suncor Energy Inc.)

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andrewbutton

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