



## Warren Buffett Warning: Why Markets Could Crash Any Day

### Description

Investors have always paid attention to the investments that Warren Buffett makes in addition to the philosophies that shape those decisions.

This year, with so much uncertainty and an unprecedented event in modern history, it's been even more critical to get an idea of what the Oracle of Omaha is thinking.

It was clear from the beginning that Buffett didn't think this would be a short-term impact on the economy. He quickly sold airline stocks, smartly recognizing it could be years before the industry goes back to normal.

He's also made many [investments you wouldn't expect](#) from Warren Buffett, showing just how unique a time we are living in.

So, what does this all mean for us as investors, and what's the likelihood of the market crashing soon?

### Warren Buffett warning

One of Warren Buffett's most famous quotes is, "Be fearful when others are greedy, and greedy when others are fearful."

When first hearing that, you may think that it makes sense. It's just a poetic way of saying buy low and sell high. However, this is advice that's actually very useful.

If you follow stock markets often, there will be specific times where it's clear that the market is either being too fearful, and it's time to be greedy (such as in mid-March earlier this year). There will also be times when it's clear that the market is being much too greedy, and you should exercise caution.

At the moment, I think many investors would argue we are in the latter. While the economy surely has recovered to some degree, seeing stock markets just off their pre-pandemic highs and, in some cases, at new all-time highs is quite shocking.

We are still in the midst of the pandemic. Furthermore, there is only speculation about when a vaccine may be ready and still significant uncertainty. It looks as though Warren Buffett took a long-term approach to the pandemic from the onset, too.

And while you could make the argument that stock markets are forward looking, a lot of economists expect major business closures over the short term. So, this V-shaped recovery, which many seem to be forecasting, could end up looking more like a W.

## What you should do today

Another thing investors who pay attention to Warren Buffett may know is that it's impossible to time the market and know what's coming next.

But one thing is for certain: if you do your homework, buy high-quality companies, and invest for the long term, you don't have to worry about short-term fluctuations in the market. Warren Buffett has proved this with his nearly 20% annual returns for over 50 years.

That means that in this uncertain time, it's crucial you make sure all your stocks are high-quality and you plan on owning them for the long term.

If you feel you have a bit too much risk in your portfolio, you may consider selling some of those higher-risk stocks and replace them with a reliable investment, such as a company like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)).

Fortis is a [utility stock](#) — one of the lowest-risk industries you can invest in. The company likely won't offer investors massive capital gains potential. However, it offers the stability of your capital and a continually growing dividend.

In fact, Fortis is one of the oldest Canadian Dividend Aristocrat stocks, having increased its dividend for 47 consecutive years. That's an important feature, and one Warren Buffett would especially appreciate — a long track record of consistent performance.

That dividend yields more than 3.7% today, an enticing rate when you consider how much it will grow just over the next few years.

## Bottom line

Investors must be able to reflect on their portfolios and know what they're missing to make sure it's well balanced and well diversified, just like how Warren Buffett would do it.

Therefore, if you feel like you have a bit too much stability in your portfolio, and you want to increase your risk slightly to increase your return potential, then it would be prudent to add a top **TSX** growth stock.

## CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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2. TSX:FTS (Fortis Inc.)

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danieldacosta

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