



Warren Buffett: 2 Brilliant Moves He Made in 2020

Description

Warren Buffett has regained his bearing after the COVID-19 shock kept him away from the market in the first half of 2020. The legendary investor was criticized for being [a net seller of stocks](#) instead of an aggressive buyer. However, his conglomerate has drawn about US\$18.5 billion already from its cash hoard in the third quarter.

The GOAT (greatest of all time) of investing is a [value hawk](#), although some of **Berkshire Hathaway's** stock purchases were uncharacteristic, if not surprising. Buffett invested in tech IPO **Snowflake** and five trading giants in Japan. His scorn of IPOs is well known, while he was always been highly critical of Japanese firms.

Last week, Berkshire Hathaway lost US\$1.6 billion from **Bank of America** and **Wells Fargo**. Both bank stocks tanked after reporting steep declines in revenue. The pandemic continues to weigh on the banking sector. Still, Buffett made a pair of brilliant moves in 2020.

He bought his own stocks

Warren Buffett didn't go far to use US\$6.8 billion of his colossal cash stockpile. Based on Berkshire's quarterly filings with the SEC, the company repurchased its shares during the first (US\$1.7 billion) and second (US\$5.1 billion) quarters of 2020.

The investment amount is more than Buffett's total spending on stocks this year. Previously, Berkshire could only repurchase its stocks if the book value drops to 120%. However, internal rules have changed.

If Berkshire has \$20 billion in cash in the war chest, Buffett and his deputy Charlie Munger can repurchase the stocks. The two, however, must agree that the Berkshire stock is trading well below the company's intrinsic value. Also, Buffett appears to be in catch-up mode after years of idleness.

Some analysts say the buybacks indicate Buffett's confidence in the U.S. economy. Berkshire Hathaway's stock portfolio consists of top American corporations that have strong cyclical links to the

economy. Buffett remains bullish on the long-term growth potential of the U.S.

Canadian safety net

As much as possible, Buffett invests in American companies only. Likewise, gold doesn't appeal to the Oracle of Omaha. He views the precious metal as incapable of creating anything and is nothing more but space filler. Interestingly, the latest safety net of Buffett is a gold-mining stock across the border.

Berkshire Hathaway bought shares of Canadian miner **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). Buffett's empire now owns \$563.6 million worth of shares. The sudden interest stems from the U.S. Federal Reserve's actions, as it eases on its policies that will impact the U.S. dollar. It presents a substantial upside for gold in the next 12 to 24 months, given global and U.S. bonds' nominal returns.

Barrick Gold is the world's second-largest gold miner with a market capitalization of \$64.61 billion. The gold stock sunk to \$21.57 on March 13, 2020, during the market selloff but is now trading at \$36.34 (+68% rally). The year-to-date gain is 52%. For would-be investors, Barrick pays a 1.16% dividend — the highest among gold stocks.

Future moves

Don't count out Warren Buffett in 2020. Expect Berkshire Hathaway to make some earth-shaking moves soon. The latest buzz is that talks are ongoing with Japan's Mitsui for potential collaboration to expand the partnership's global network.

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