



A Warren Buffett TSX Stock to Buy Before Another COVID Crash

Description

The COVID crash may not be over yet; ask Warren Buffett, who's been treading [cautiously](#) amid the **S&P 500's** V-shaped rebound off its March lows. With U.S. election jitters and skyrocketing coronavirus cases that could threaten to send the world back into lockdown, the recent bout of excessive selling activity should have come as no surprise.

With stocks on the [retreat](#) again following a steep September correction, the technical picture looks less than stellar, as does the potential for rewards as two of the biggest risks of 2020 collide head on.

Getting ready for COVID crash part two

As risks mount going into what's shaping up to be a spooky Halloween for investors, now may be a good time to re-evaluate your portfolio to determine if you're prepared for another round in the ring with Mr. Market, who will likely be swinging for the fences. That means trimming your biggest winners while they're still up and rotating into unloved defensives to form a foundation for your portfolio, so it won't crumble once that perfect storm finally hits.

Many investors and speculators got a bit ahead of themselves over the summer. The only thing more unprecedented than the February-March COVID crash was the steep relief rally that followed. There's no question that there remain pockets of severe overvaluation within select pandemic-resilient industries.

Some folks are taking it far as to compare the run in today's pandemic-resilient tech stocks to the names that boomed and busted in the 2000 dot-com market crash. While there may still be speculative activity in this market, I think such comparisons are unwarranted, as pockets of overvaluation, I believe, have mostly been contained to very specific tech sub-industries, most notably the cloud.

Warren Buffett: Not going all-in on a V-shaped recovery

Warren Buffett hasn't been enticed by the market momentum in the summer. On the whole, he doesn't

seem to be biting on this rally, which could surrender a considerable amount of ground over the coming weeks, as COVID looks to grip this market once again.

If you've yet to prepare your defences, Buffett's latest bets in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) and **Suncor Energy** may be good places to start. This piece will focus on the former bet and why investors may want to follow the Oracle of Omaha into the name before we're dealt with another COVID crash.

Barrick Gold: Warren Buffett's preferred gold stock

I've described Barrick Gold as the gold standard as far as gold miners were concerned. I'd recommended the name well before Warren Buffett shocked the world by reversing his stance on precious metals with his investment in the firm.

Barrick is a vital hedge that can help your portfolio remain buoyed once the market waters become that much rougher. Besides the benefits of physical gold, Barrick can reward investors with a handsome 1.2%-yielding dividend that's poised to grow in conjunction with gold prices. Sure, a 1.2% yield isn't much. But in a near-zero interest rate environment and profound uncertainties, I'd say the dividend should be viewed as a cherry on top of an already mouth-watering sundae.

Foolish takeaway

As COVID cases pick up into year-end, count me as unsurprised if gold continues its rally above the US\$2,000 mark, giving lift to gold miners like Barrick Gold in the face of a second COVID crash. This horrific market environment has lowered the opportunity costs of holding unproductive assets like gold, and it's now become a vital asset for hedge-seeking investors.

Warren Buffett may not be a fan of gold in normal environments, but in this pandemic-plagued one, gold is one of few assets that hasn't lost its lustre.

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joefrenette

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