



Warren Buffett Is NOT Betting Against Canada

Description

Recently, Warren Buffett made headlines by exiting his entire position in **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)). The move was unexpected, and it led to speculation that “The Oracle of Omaha” may have soured on Canada as a whole. QSR was one of Buffett’s biggest and most enduring Canadian stock holdings. The fact that he sold all of his shares in it could therefore indicate a lack of faith in the Canadian economy.

However, as you’re about to see, the move ultimately doesn’t prove that Buffett has soured on Canada. In fact, he may be feeling warmer toward Canadian stocks than he did in the past. In 2020 so far, Buffett has *bought* more Canadian stocks than he’s sold. And he’s doubling down on Canadian stocks he’s owned for a long time.

Two Canadian stocks Buffett is bullish on

There are two Canadian stocks that Warren Buffett has purchased in 2020:

Suncor Energy Inc ([TSX:SU](#))([NYSE:SU](#)) and **Barrick Gold Corp** ([TSX:ABX](#))(NYSE:GOLD).

Suncor Energy is an energy stock that Buffett has owned on and off throughout the years. In 2018, he initiated a new position in the stock, which he added to this year. So far, he’s down significantly on both the 2018 purchase and the 2020 investment, but he doesn’t seem to have any plans of selling Suncor.

It’s likely that Buffett’s Suncor investment is a pure value play. The stock trades for [less than book value](#), so it seems like a classic undervalued situation. On the other hand, the company’s earnings are down this year. In fact, they’re negative. But the stock is very cheap relative to sales, so if earnings turn around soon, we could probably call it a bargain.

Barrick Gold is harder to explain. Buffett has never been the biggest fan of gold, saying that it has “zero utility.” In general, he prefers investments that have strong productive use cases. However, he’s also said that gold can be a “pretty good [bet on fear](#).”

Perhaps he's expecting investor pessimism to persist for years, and is buying ABX as a bet on that. It could also just be the fact that the company is increasingly profitable and starting to get its debt under control. It could even be that one of Buffett's lieutenants—Todd and Ted—actually made the investment. However, as the CEO, Buffett could have overruled their decision if he wanted to. So he's likely warmed to gold at least a little.

Foolish takeaway

The big takeaway here is that Buffett has only exited one Canadian stock this year. He's bought two. That wouldn't suggest overall bearishness on Canada. Another thing worth mentioning: of the three stocks discussed here, Suncor is the one that does the most of its business within Canada.

It extracts oil & gas, and mainly sells it on the Canadian market. QSR's businesses, on the other hand, operate all over North America, while Barrick sells to buyers all over the world. So if any one of Buffett's 2020 plays reveals his opinion on Canada's economy, it's Suncor—and he's actually bullish on that one.

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