



Warren Buffett: Buy Gold Stocks NOW!

Description

Warren Buffett has been relatively quiet throughout 2020. The economic situation turned disastrous for investors big and small. The billionaire investor was already on high alert, as an inverted yield curve suggested a [downturn](#) was coming. The pandemic made sure of that and then some, with many economists believing there will be several crashes before we're out of this poor market.

It could be why Warren Buffett turned to gold stocks, but many investors were surprised by this. The investor usually turns away from the precious metal, believing that buying gold is basically [betting against](#) the American economy. Gold doesn't produce anything, which is why the investor usually sticks to bank stocks, insurance companies, and consumer staples. Yet that didn't stop **Berkshire Hathaway** from investing in the precious metal back in August, buying about 21 million shares in **Barrick Gold** for about \$563 million.

Who is behind it?

So why did Warren Buffett buy gold stocks? Well, to be frank, he didn't.

Berkshire Hathaway's has a team of investors behind it, and those names are on the filing when this went down. But as many economists have argued, it might be time for Warren Buffett to start extending his reach a bit. Many analysts have already harped on the lack of investment in the booming tech industry.

So who is right, Warren Buffet or his investors?

Go with gold

Whether Warren Buffett wants to support the American economy or not, there's no way out of arguing that there is going to be a weaker dollar in the years to come. A weaker dollar has almost always meant stronger gold prices, so this alone would prove that gold should continue to grow.

But it's more than that. Gold miners have already entered a new period: consolidation. While I agree Barrick is a solid choice for investors, it could be even more prudent to start digging into the miners themselves. Barrick is a streaming service, a safe choice to take a piece of the pie. While miners can see huge drops in revenue when a mine doesn't produce, Barrick and other streamers usually remain stable.

However, gold miners are now consolidating and making acquisitions. This has meant these usually small mines in one country or another are now global operations. Whereas before if a mine closed you were sunk, now these mines have diversified a portfolio to stretch across the world and continue bringing in revenue.

Prime example? Kirkland

If there's one company proving how beneficial this has been, it's **Kirkland Lake Gold Ltd.** (TSX:KL)(NYSE:KL). Kirkland has soared this year, outpacing the market and beyond. For the last few years the company has been growing through acquisition, making its most recent acquisition of **Detour Gold** for over \$1 billion this year.

Revenue has soared through these acquisitions, with year-over-year returns coming in at 77.2% during the latest earnings quarter. It's also brought in returns of 315.6% in the last three years, for a compound annual growth rate (CAGR) of 60.76% during the same period. As the company continues to grow, investors should follow Warren Buffett advice of buy and hold for the long term for gold stocks like Kirkland Lake.

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