



Warning: Don't Follow Warren Buffett! Now's the Time to Sell Gold

Description

Whenever Warren Buffett acts on a stock, many of his followers are likely to drive the name up. Blindly following the Oracle of Omaha into or out of stocks is typically a bad idea, though. Not only does Buffett likely have a far better cost basis that you'll be able to land, but you'll also be on the receiving end of a sell-off if Warren Buffett were to exit his stake after you've already bought in.

One of the biggest Warren Buffett moves of the year is his decision to take a 180-degree stance reversal on gold. With interest rates as low as they are, the opportunity costs of holding gold have arguably never been this low. Rock-bottom bond yields make **Barrick Gold's** ([TSX:ABX](#))(NYSE:GOLD) dividend attractive. And with the inflation- and volatility-hedging benefits of gold and gold miners, it's not a mystery as to why Warren Buffett changed his tune on the shiny metal amid this horrific pandemic.

All that glitters isn't gold

I've often described Barrick Gold as the "gold standard" as far as gold miners were concerned. The firm has been wildly profitable amid the recent pandemic-induced rally in gold prices. And while uncertainties could pave the way for sustained gold prices above the US\$2,000 mark, I'd also argue that a deterioration of such uncertainties warrants a steep pullback in gold prices back towards their midcycle levels just shy of US\$1,500.

Gold miners like Barrick aren't without their fair share of risks. Although the company is one of the more efficient operators out there, it's not going to be immune from a retreat in the price of gold. Now, I've been a harsh critic of the gold bears amid the pandemic. However, with light shed on **Pfizer's** 90% effective coronavirus, I think the demand for gold could have the potential to sink, dragging down Barrick Gold stock with it.

The pandemic's end in sight?

The day Pfizer pulled the curtain on its [incredible vaccine data](#), a massive weight was lifted from the

shoulders of this market. Combined with a more favourable than expected U.S. election result (Joe Biden and no Blue Wave), and I think it'd be a wise idea for gold investors should look to take some profits off the table and for Buffett followers to ditch their holdings in Barrick Gold while they're still ahead.

While it's always a smart idea to have some exposure to precious metals, many investors may be in danger of overweighting themselves to the alternative asset that could be overdue for a pullback on the recent injection of certainty into this market.

Barrick Gold stock recently plunged over 12% in a few trading sessions following the one-two punch that was a deterioration of the Blue Wave and news of Pfizer's vaccine breakthrough. As more good news starts flowing in relating to the vaccine and rapid-test kits, I think gold prices remain unreasonably high at these levels and think Barrick Gold and other gold miners could have much farther to fall over the next 18 months.

Foolish takeaway

Sell-side analysts have been pounding the table on gold lately, and I think investors have become a tad too [greedy](#). Although Barrick's profitability prospects have been incredible lately, I think today's unreasonably high gold prices (approximately US\$1,800) leaves little upside and much downside risk for investors who may run the risk of showing up late to the party.

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