



## Warren Buffett: His Actions Indicate a Market Crash Is Coming!

### Description

Predicting a market crash is hard, even for people like Warren Buffett. He has seen so much of the market and capitalized from so many market crashes that many people just assume that Buffett can predict when the market is going to hit rock bottom.

Sadly, that's not how it works. The market is continuously evolving. Accurately predicting the market crash at its lowest point and the starting point of recovery is nearly impossible. But with one market crash behind us, it might be easy to predict that another crash *is* coming, and many indicators are endorsing this fear.

One of these indicators is from Warren Buffett.

### Unusual actions

Warren Buffett has made many unconventional moves in this market crash, but one thing that caught a lot of attention was his decision to buy gold. He didn't buy the metal, which would have been even more uncharacteristic. He invested over half a billion U.S. dollars into Toronto-based **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). The company grew its market value by about 45% from the start of this year.

Gold is a safe-haven investment, and gold companies tend to offer a more practical and affordable way to invest in the safety of this shiny metal. But gold stocks don't offer a lot of growth opportunities, especially when the market is recovering (like it is now). Barrick's 1.35% yield also doesn't make it an excellent choice for dividends, especially with better options available.

Why did Buffett buy gold? Though we can't figure out all the reasons that the wizard of Omaha had for this investment, one of them might be an upcoming market crash.

### An alternative

If you want to buy a gold stock for the same reason Buffett (presumably) did (i.e., to prepare for a

market crash), you may want to look into a cheaper **Robex Resources** ([TSXV:RBX](#)). This \$275.5 million market-cap mining company has been around since 1985. It operates primarily in Mali, where it has a fully developed Nampala mine and multiple exploration mines.

There are two reasons for choosing this company: dividends and growth. It recently started paying dividends and has offered two in the year. One was a regular \$0.02 per share dividend, and another was a \$0.04 per share special dividend. For a stock that only costs about \$0.47 per share at the time of writing this, it's a very generous payout. Its dividends (if they continue) can be promising.

As for growth, the company displayed a much better performance than Barrick. From the start of this year, the stock price has grown over 200%. So, if you had invested in the company in January, you'd have tripled your money by now.

## Foolish takeaway

Buffett's golden investment would not have been a primary indicator of an impending market crash. People are looking at it this way, because several other things are pointing in the same direction. The economy is weak, but the stock market has almost recovered. And since Buffett considered the pre-pandemic market overpriced and poised for a market crash, the post-pandemic "hastily" recovered market might be even more susceptible to crash.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

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2. TSX:ABX (Barrick Mining)
3. TSXV:RBX (Robex Resources Inc.)

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