



Why Warren Buffett Is Selling Gold

Description

Warren Buffett [shocked the investing world](#) in the late summer when it was revealed that his company **Berkshire Hathaway** had acquired a \$500 million stake in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). Historically, Buffett has not been a strong advocate for the yellow metal. On the contrary, he has consistently recommended that investors seek exposure to mainline blue chips over gold and silver. In 2020, the price of gold soared to record levels on the back of global volatility due to the COVID-19 pandemic.

Today, I want to look at Warren Buffett's recent moves. Is he still on the Barrick train? What are the alternatives for investors looking to emulate the Oracle of Omaha? Let's dive in.

Warren Buffett's short affair with gold in 2020

Warren Buffett's company Berkshire Hathaway released its third-quarter 2020 results in early November. The company shed over 40% of its stake in Barrick Gold, a top global gold producer. Like his late-winter bet on airlines, this looks like a case of bad timing for Buffett. Shares of Barrick Gold have dropped 18% over the past three months as of close on November 18.

Gold was on a tear in the summer but has calmed down during the fall. The spot price of gold rose above \$2,000/ounce at one point in 2020 but has since retreated. It is currently hovering around the \$1,850/ounce mark. The loss of momentum and new opportunities in the market likely spurred Warren Buffett to reduce his exposure to this top gold producer.

Should investors bail on the yellow metal?

Precious metals have lost momentum in the fall. Interestingly, it looks like digital currencies have picked up the slack. In a surprise comeback, Bitcoin is now on the path to challenge its record highs. Cryptos have been left for dead by many investors. That said, I'm not suggesting that readers should make the jump from gold to cryptos right now.

A potential COVID-19 vaccine should settle concerns about the broader global economy, at least in the near term. This is a bearish sign for gold. Investors should follow Warren Buffett's lead into the very exciting healthcare sector.

What is Warren Buffett buying right now?

Earlier this week, I'd [discussed](#) Warren Buffett's recent dips into **Pfizer** and others in the vaccine race. Pfizer jolted the market last week when it released very encouraging data on its top vaccine candidate. **Moderna** followed up with even more impressive data to kick off this week.

There are no stocks on the TSX in the vaccine race, but there are healthcare companies that are positioned to grow due to the pandemic. **VieMed** ([TSX:VMD](#))(NYSE:VMD) is one of the stocks I'd touched on in the article above. This company provides in-home medical equipment to customers in North America. It is a supplier of ventilators and has seen a boost to its revenue due to soaring demand for these products and services.

Shares of VieMed last possessed a price-to-earnings ratio of 12 and a price-to-book value of 1.9. That puts this healthcare stock in favourable value territory. Right now, the best way to follow Warren Buffett's lead is to target TSX stocks like VieMed.

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3. TSX:ABX (Barrick Mining)
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Date

2025/07/21

Date Created

2020/11/19

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