



## Barrick Gold (TSX:ABX) Falls Into Bear Market Territory Amid New Vaccine Hope

### Description

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is under pressure, with shares falling into bear market territory (a 20% peak-to-trough decline) following new COVID-19 vaccine hopes and Warren Buffett's latest disposition of just over 40% of his stake. Warren Buffett's **Berkshire Hathaway** had just bought Barrick stock just months prior, so it may have come as a surprise to see the Barrick stake, which was already small, be slashed, rather than added to.

### Warren Buffett: All that glitters *wasn't* gold

With the pandemic's end in sight following November's slate of good vaccine news, I've been urging investors not to follow Warren Buffett into Barrick Gold stock, as it would have left investors at risk if gold prices were to fall amid rising certainties with the vaccine timeline.

"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," I [wrote](#) just days before it was announced that Berkshire had dumped +40% of its stake in the last quarter.

"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."

### Time to follow Warren Buffett and take some profits

Fast forward to today, and Barrick gold is in a bear market, with no bottom in sight, as investors steer away from “safety” plays and into the value stocks that have been hardest hit by the COVID-19 impact. With gold prices at the higher end of the spectrum, I wouldn’t rule out a steep decline in the price of gold back towards its mid-cycle levels at around US\$1,300.

Such a scenario would serve up steep declines for holders of gold and shareholders of the gold miners, even the best-in-breed ones like Barrick Gold, which has been experiencing remarkable profitability numbers of late.

Fellow Fool Kay Ng wrote last month that it was time to follow Warren Buffett into gold amid profound uncertainties and opened up the possibility that the Oracle may be open to adding to his relatively small stake in the name at the time.

As it turned out, Berkshire is taking profits on its stake. I don’t think the decision to get into gold miners was Warren Buffett’s decision in the first place. As I noted in a prior piece, it was probably one of his associates, given the Oracle of Omaha’s prior distaste for the shiny metal or the business of mining in general.

## Foolish takeaway

If you followed Berkshire and Buffett into Barrick Gold, you’re probably sitting on some quick losses right about now. While gold stocks could be due for a near-term relief bounce, I’d continue to encourage profit-taking, as I believe the pandemic’s end could spark a drastic rotation back into “riskier” COVID-hit businesses in the face of a massive economic recovery.

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