



Warren Buffett: Prepare Now and Buy Gold!

Description

Of all the people to recommend buying gold, Warren Buffett has to be dead last. The investing mogul tends to stay far away from gold companies; even during a recession. That's because the billionaire believes that we need to invest in the country, and gold is investing against it.

As the United States dollar decreases, the price of gold increases. But gold doesn't actually produce anything beyond the mineral. So if you're going to support the economy, Warren Buffett argues, then you need to invest in producers. Take a look at his investments and you'll see exactly what he means.

But even Warren Buffett realizes that this pandemic could last years. That means the economic could continue to plummet during that period. Even after the virus is gone, an economic collapse was predicted. So it could be half a decade before we see any return to normalcy.

So what did Buffett do? Buy gold!

It's true!

After decades of staying away from the mineral, Warren Buffett actually bought a large stake in **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:GOLD). It's a solid investment within the gold mining industry, as Barrick continues to outpace most gold miners and even the price of gold itself. But economists believe gold will continue to rally, putting Barrick in a prime position to continue making strong returns.

Look at its balance sheet and you'll see exactly what I mean. The company saw [revenue](#) grow year over year by 39.6% during the latest earnings report. Net income was also up 24.8%! Shares, meanwhile, are up 38.89% this year alone, and 231% over the last five years.

Now what this choice gets you is safety. This company is a streaming service, so you can pretty much count on the price going up. However, gold is changing, so there is another option to see huge returns during this gold price boom.

Gold miner mergers

Right now, gold companies around the world are merging. This means not only is there the potential for more mines, but also mines around the world. This diverse portfolio means that gold mines could actually outpace these streaming companies like Barrick. In fact, some already have.

Take **Kirkland Lake Gold Ltd.** (TSX:KL)(NYSE:KGI) for example. The company has been merging and acquiring gold mines for the last few years. It now has a vast array of mines around the world. Even during the [pandemic](#), as one mine slumped, another would pick up the pace. This has been proven again and again in its balance sheet. Revenue was up a whopping 74.8% year over year during the last quarter, and net income up 33.2%.

The great news is right now Kirkland is at a discount. That's because it's had to dispose of some of its investments. But this won't hurt the stock overall, it still has a ton of mines around the world to pick up the slack. That's why economists believe the miner is at a 42% discount as of writing!

Bottom line

You could go with an option like Warren Buffett's and invest in a streaming company. However, gold mines merging means you could see enormous returns now, during a financial crisis, and decades from now. Kirkland is ahead of the pack in this regard. You could turn a \$10,000 investment into \$16,800 in only a year if you bought up shares today!

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Author

alegatewolfe

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