



Warren Buffett: 2 Strategies to Keep Your Finances in Order During COVID

Description

COVID-19 has massive effects on individual incomes and household budgets. Since money is tight during this health crisis, keeping your finances in order is a challenge. You need to stretch out available resources and prioritize spending at the same time. Even billionaire Warren Buffett gripes about the strain on his businesses due to the pandemic.

When COVID-19 broke out in March 2020, the GOAT of investing said, "I've always felt a pandemic would happen sometime." The year before, Buffett wrote a letter to **Berkshire Hathaway** shareholders saying the world was due for a mega-catastrophe. The magnitude of devastation will far exceed that of hurricanes Katrina and Michael in the U.S.

However, the legendary investor has ways to [live through a monster disaster](#) and keep finances organized, if not healthy. You can adopt two of his strategies in the COVID world. Whether the recession extends or not, you can protect or conserve your money.

1. Make informed decisions

If you're a stock investor, make informed decisions. COVID-19 whiplashed businesses, some of them such as retail, restaurant, entertainment, and airlines suffered from shutdowns. In particular, the airline industry changed in a major way, and the damage is extensive. Hence, do your homework and [pick companies that will endure the pandemic](#).

2. Don't stray from your long-term plan

Warren Buffett is confident the U.S. economy will bounce back from the COVID recession. He said, "We haven't really faced anything that quite resembles this problem, but we faced tougher problems." Canada's economy will rebound, too, although it could be a long recovery.

The Oracle of Omaha suggests that you stick to your long-term plan even with the prevailing uncertainty. If you hold onto stocks long-term, you'll still get "fine result" in the future. Historically, the

stock market comes back stronger from economic downturns.

Buffett's favourite TSX stock

Followers wonder why Berkshire Hathaway didn't ditch its holdings in **Suncor Energy** ([TSX:SU](#)) ([NYSE:SU](#)) as it did with **Restaurant Brands International**. While the energy stock is losing by 46% year to date, Warren Buffett isn't letting go.

Based on the S.E.C. filing, Berkshire still holds 19.2 million Suncor shares as of the third quarter of 2020 (quarter ended September 30, 2020). The \$34.18 billion integrated energy company slashed its dividends by 55% after the first quarter, if you recall. The current yield is 3.75%.

It seems Buffett didn't make a mistake in keeping the erstwhile energy bellwether. Despite reporting an operating loss of \$302 million in Q3 2020 (versus \$1.114 billion operating earnings in Q3 2019) on October 28, 2020, the stock is now trading 49% higher at \$22.41.

The value investor sees Suncor as the leading sheep of a beleaguered flock. Analysts covering the stock are bullish and forecast a 137% rebound in the next 12 months. Besides the successful cost-cutting measures, maintenance activities are over. With a full complement of refinery assets, management expects to exit 2020 with a strong performance.

Valuable advice

Follow Warren Buffett's lead and take to heart his valuable advice in the COVID era and beyond. You can keep your finances healthy if you make informed choices and stick to your long-term plan. Rewards are waiting when the economy gets back on track.

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