



Warren Buffett: Sell Gold and Bank Stocks

Description

Warren Buffett's moves have always been closely monitored by market watchers. This has been accentuated in this time of crisis. Today, I want to look at how Buffett is behaving, as North American markets continue to surge in the final month of 2020. Let's jump in.

Why Warren Buffett bailed on gold

The Oracle of Omaha made a surprising bet on the yellow metal back in the summer. **Berkshire Hathaway** sunk \$500 million into **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), one of the world's top gold producers. That bet paid off in the short term, as gold soared to all-time highs. However, this momentum has tapered off. Gold has dropped to around \$1,850/ounce compared to the over \$2,000/ounce it rose to earlier this year.

In the third quarter, Berkshire revealed that it [dumped](#) over 40% of its stake in Barrick Gold. Warren Buffett was similarly quick to dump airline stocks in the early months of 2020 when it became apparent how destabilizing the COVID-19 pandemic would be. Shares of Barrick Gold have dropped 20% over the last three months.

How do bank stocks look after earnings?

Back in August, I'd discussed whether Warren Buffett had [soured on bank stocks](#). I'd argued the contrary, as Buffett had both added and shed bank stocks depending on their value. Canada's top banks recently released their final batch of earnings for 2020.

Royal Bank ([TSX:RY](#))(NYSE:RY) unveiled its fourth-quarter and full-year 2020 results on December 2. Its Capital Markets division led the way as total income rose 1% year over year to \$3.25 billion. Royal Bank earned \$2.27 per share, exceeding analyst expectations. CEO Dave McKay praised Royal Bank's resilience in the face of a challenging year. However, he and other top bank executives have warned of headwinds on the horizon.

The COVID-19 pandemic has devastated local economies across Canada and around the world. There will likely be lasting scarring, especially for small businesses and the service sector, even when this pandemic is in the rear-view mirror.

Investors should be happy with Royal Bank's results, but it may not fit Warren Buffett's value investing mould for long. It has climbed closer to its 52-week high as of close on December 3. Royal Bank stock last had an RSI of 63, veering close to technically overbought territory.

What stocks is Warren Buffett going after?

The quarterly report for Berkshire revealed that Warren Buffett's company was going after top pharmaceutical firms like **Pfizer**, **Merck**, and others. Canadian investors should also be on the hunt for healthcare-focused stocks.

VieMed Healthcare has climbed 47% so far this year. The company provides in-home durable medical equipment. It is a supplier of in-home ventilators and has lent its services during this costly pandemic. In its recent quarterly report, VieMed projected that the pandemic would continue to boost its revenues as the year wound down. Moreover, this healthcare stock has a solid price-to-earnings ratio of 13.

Savaria is another healthcare stock to keep your eye on. Its shares have only climbed 3.3% in 2020. Savaria has established itself as a global leader in personal mobility products. This subsector is poised for big growth on the back of aging demographics.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:VMD (Viemed Healthcare)
2. NYSE:B (Barrick Mining)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:ABX (Barrick Mining)
5. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/13

Date Created

2020/12/04

Author

aocallaghan

default watermark

default watermark