



Why Is Warren Buffett Buying Gold?

Description

Warren Buffett is known for investing in a lot of different companies. From energy giants to tech stars, the Oracle of Omaha has been investing for decades and clearly knows exactly what he's doing. His conglomerate **Berkshire Hathaway** has made an incredible 186% in the last decade alone, so his strategy has been working.

But there's been one area that Warren Buffett has steered clear from, and that's gold stocks. Why? As the investment mogul once stated, "It doesn't do anything but sit there and look at you." This doesn't fit into his [strategy](#) of value investing, as there's no way for gold to improve. It just ... is.

But he's invested in silver?

Here's the difference. There is value in silver, as it can be used for different purposes. It's useful and can provide a practical purpose. Silver is used in medicine for bandages and is a healing agent in burns. And it can be used in electronics as a metal conductor that doesn't corrode. Meanwhile, gold is basically just pretty.

Even as the U.S. dollar goes down and gold stocks go up, Warren Buffett hasn't invested in the past. This is because, he argues, it doesn't support the economy. If you want to get the American economy back on track, you need to invest in American business. So, why did he suddenly change his tune?

Or did he?

It's not entirely clear who made the call to invest in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). It could be one of the other chief executives of Berkshire Hathaway. A large part of the portfolio is now controlled by two other investment managers, and they could easily have made this call.

But another thing to note is that Berkshire isn't necessarily investing in gold. Berkshire invested in a gold-mining company, *not* in gold itself. A mining company is indeed a company, not a commodity. So, this is still supporting business, technically. As Warren Buffett once stated, it's better to buy a goose

that keeps laying eggs rather than the eggs themselves. For Barrick, this is a goose that will continue laying eggs for years.

Should you buy Barrick?

Barrick is a solid stock to add to any investment portfolio, especially as gold prices continue to climb. The company has been growing through acquisition and organically over the last several years, and should continue this trend. This is a great trend to latch onto these days. Gold miners have been merging around the world, creating a diverse portfolio that spans continents. So, businesses like Barrick should continue to show strength for years to come.

As for whether you should invest now, Barrick is still below all-time highs seen a few years ago, so still has room to grow. As there will likely be further market crashes, the company's share price should only climb in a volatile market. Meanwhile, revenue has been up by around 40% year over year, quarter after quarter. It's even been decreasing total debt to around \$5 billion as of writing. [Shares](#), meanwhile, are up about 40% year to date and 230% in the last five years!

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