Warren Buffett Preparing for Market Crash — and You Should too!

Description

When it comes to getting the best bang for their buck, Warren Buffett is a master. The investment mogul uses recessions and market crashes to invest in top companies, seeing huge returns in the process. But lately, while the rest of the world has been buying up stocks, Buffett was quietly preparing his own portfolio.

Warren Buffett has a saying many are likely familiar with, “Be fearful when others are greedy, and greedy when others are fearful.” Right now, as you can probably tell, the markets are spilling with greed. Shares continue to climb higher and higher, yet here’s Buffett, selling stakes, trimming his portfolio, and buying defensively.

Why? Because Buffett thinks another market crash is on the way.

Market crash practically inevitable

Here’s the thing. A market crash was likely even before the pandemic. Global debt reached a fever pitch. The oil and gas sector slumped even further. There was an inverted yield curve in the United States thanks mainly to the increasing trade wars. Then, of course, came the pandemic sending everything for a loop.

But that was then, and this is now. And yes, it’s likely another market crash is practically inevitable. That’s because the problems from before the crash are still around, and amplified. Global debt increased $15 trillion between January and September this year, and economists estimate it will hit a total global debt of $277 trillion by the end of this year alone.

Meanwhile, the pandemic continues to spread around the world with many businesses trying to open doors again. We’re also nearing the holidays, when despite warnings many will want to be with loved ones.

In the U.S. alone, 1.2 million people travelled to see family on American Thanksgiving. And with a vaccine unlikely to reach the general public for another year, besides those that need it most, we could continue to see cases and deaths rise every higher.

How is Buffett preparing?

Warren Buffett has been selling off stakes and buying up solid companies, even gold. Why *even* gold? Because in the past, the investor has stayed far away from the mineral. While Buffett invests in silver, that's completely different in his view. Silver has a utilitarian purpose, whereas gold is basically just pretty. Buffett believes in order to help the economy, you need to invest in the economy. Gold doesn't do anything, so it won't help the country rebound.

But Warren Buffett's two chief investors might be behind the recent buy of a gold mining company, to help protect Warren Buffett's portfolio. It may also be why he hasn't spoken about the investment. Regardless, the fact that it was even allowed to happen speaks to the belief that Warren Buffett knows a market crash is on the way. Perhaps by next earnings in mid-January.

Bottom line

The difference between buying gold and gold mining companies is that you would support the company, not the product, Warren Buffett might argue. So start looking for companies that could continue to rise with the price of gold. Also, look for companies that have a diversified portfolio, across the world and perhaps the ability to grow through acquisition.

This would be the case for a company like **Kirkland Lake Gold Ltd.** (TSX:KL)(NYSE:KL). The company continues to grow through acquisition as it has for years, producing more gold than every before. Even as other mines come to a stop, it has many in different countries to pick up the slack.

Meanwhile, after falling 43% during the last crash, shares climbed 48% before dropping back down recently as many thought the vaccine would leave room for returns with growth stocks. But don't be fooled, Kirkland will rise again. So this is a great stock to buy now at a huge discount.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing
3. Stocks for Beginners

Date
2025/08/22
Date Created
2020/12/06
Author
alegatewolfe