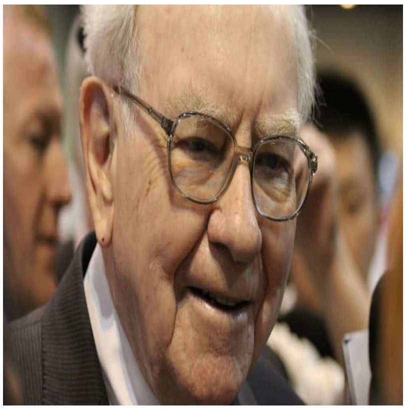
COMPANY NAME
Address | Phone | Link | Email



Forget Gold and Bitcoin. I’d Follow Warren Buffett’s Advice After the Stock Market Crash

Description

Warren Buffett has a long track record of using share price declines, such as those experienced during a stock market crash, to his advantage. He has often used deteriorating market prospects to buy high-quality stocks at low prices. By holding them for the long run, he has generated impressive returns over a sustained period of time.

Therefore, while the rising Bitcoin and gold prices may seem appealing to investors, purchasing a diverse range of shares at low prices could be a more profitable long-term move.

Warren Buffett’s focus on value

Warren Buffett has not only sought to buy cheap shares after a stock market crash. Rather, he has bought high-quality companies when they trade at low prices. As such, he does not necessarily focus on the stocks that offer the widest discount to their sector peers, or those companies that have recorded the greatest share price falls. Instead, he seeks to buy the best companies when they trade for less than they are worth.

A stock market crash can make this process easier. Investor sentiment towards the equity market can weaken significantly, which may mean that some strong businesses trade at temporarily low prices. Over time, they can mount excellent recoveries due to them having strong financial positions and wide economic moats. With many companies still trading at low prices following the 2020 stock market crash, there may be opportunities to follow Warren Buffett’s strategy today.

The increasing popularity of gold and Bitcoin

Warren Buffett has generally avoided investing in Bitcoin and gold due to the opportunities available in the stock market. However, both assets have become increasingly popular among investors since the start of 2020.

Gold's price has moved to a record high this year due to an uncertain economic outlook and low interest rates. This means that its defensive appeal has become more relevant to risk-averse investors, while a lack of returns on income-producing assets further increase the attraction of the precious metal. Meanwhile, Bitcoin's supposed low correlation with the world economy may have been at least partly responsible for its rise since the start of the year.

Buying cheap shares after the stock market crash

However, using Warren Buffett's strategy may offer a superior risk/reward opportunity than gold and Bitcoin after the stock market crash. The stock market has a long track record of delivering successful recoveries following its declines. And, with it being possible to identify high-quality shares at low prices through focusing on their fundamentals, they may offer less risk than Bitcoin. Its price is based on investor sentiment, since it has no fundamentals from which to deduce whether it offers a margin of safety.

Meanwhile, gold's price may already factor in a period of weak economic performance. Therefore, as investor sentiment improves over the long run and risk aversion declines, the cheap stocks of today purchased via Warren Buffett's value investing strategy may outperform the precious metal.

CATEGORY

1. Investing
2. Metals and Mining Stocks
3. Tech Stocks

PARTNER-FEEDS

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

Category

1. Investing
2. Metals and Mining Stocks
3. Tech Stocks

Date
2025/07/07
Date Created
2020/12/14
Author
peterstephens