



## Warren Buffett: Have Cash for a Market Crash

### Description

Warren Buffett has been criticized by some for not having put **Berkshire Hathaway's** mountain of cash to work during the February-March market crash, a vicious and scary meltdown that turned out to be one of the best short-term [buying opportunities](#) in recent memory.

The Oracle of Omaha may have made the mistake of selling his airline stocks at a loss just months before the broader air travel space rebounded on the back of renewed vaccine hopes. While Warren Buffett may have had his fair share of stumbles this year, one thing remains clear: he's more than willing to look like an idiot over the short term if it means coming out on top over the long run.

### Warren Buffett is willing to look wrong in the short term if it means looking like a genius over the long term

With stocks surging to new highs thanks to vaccine-driven optimism, you can count on Warren Buffett to continue to be a net buyer of stocks. One thing he won't be doing is chasing this market or trying to compensate for his lack of buying activity back in the market depths of March and April. Trying to compensate later on for not having timed a market bottom perfectly could leave one feeling the full force of the next market crash or correction, even if the coast seems clear, with the end of the pandemic that's now looking more than likely at some point in the new year.

You see, Warren Buffett doesn't dwell on the past. He stays focused on the future. And although [the future is brighter](#), with a handful of COVID-19 vaccines that have begun to be distributed, one must never discount the possibility of unforeseen negative surprises. Right now, the market is a tug-of-war between a more hopeful future and the horrific near-term reality of surging COVID-19 cases, which could leave another big dent into the economy.

With renewed vaccine hopes, the medium-term outlook hasn't looked this bright all year. That said, there's still a very dark winter to get through. Warren Buffett knows this. And should the near-term horror begin to overpower the light at the end of a seemingly distant tunnel, investors should be prepared for turbulence going into the holidays.

## Will the Santa Claus rally be replaced with a 2018-style Santa Claus stock market crash?

Nobody knows for sure. But following one of the best months of November in decades, I certainly wouldn't get my hopes up. Instead, take a page out of Warren Buffett's playbook by having enough dry powder on the sidelines should the markets be in for one last plunge to end the year.

With Berkshire's growing cash hoard, the Oracle of Omaha is ready for opportunities and should they present themselves over the coming weeks and months. And if it turns out stocks continue roaring higher in a Santa Claus rally? Warren Buffett will likely be putting some money to work in a cautiously optimistic manner, as he's still bullish on America's long-term prospects. Regardless of what the stock market's next move is, you can count on the man to continue to pick his spots carefully in underappreciated and undervalued companies like **Suncor Energy** that most others may be sleeping on.

## The Foolish takeaway for Warren Buffett fans

While it is a good idea to have cash ready to buy market crashes and corrections, you shouldn't seek to make drastic moves with your portfolio here, especially if you already have enough cash sitting in those near-zero-interest-bearing TFSAs. However, if you're one of many investors who hasn't taken profits on their biggest winners of the year (think **Shopify**) and you lack the liquidity to buy any future dips, now may be a good time to do some trimming in case the COVID-19 crisis has one more market crash in store.

If the Grinch ends up stealing the Santa Claus rally, Warren Buffett will be ready. Will you?

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