



Warren Buffett: A Market Crash Is Coming. Should You Prepare With Gold?

Description

As 2020 comes closer to its end, all investors are looking closely at the Oracle of Omaha for any movements that he makes through **Berkshire Hathaway**. Analysts are always dissecting any investing decisions by Warren Buffett to understand what they mean. [Investors constantly look towards Buffett](#), so they can get a hint of what they should or should not invest in based on his decisions.

Buffett was quiet for several months amid the pandemic. He surprisingly did not buy up companies with his massive cash hoard in the market crash. Leaving everyone confused by his inactivity, Buffett suddenly began shedding shares, increasing positions, and exiting stocks left, right, and centre.

His recent moves suggest that he predicts a second market crash. I will discuss the two areas he expects to see a sell-off to help you get a better perspective on what you can do.

Buffett is selling banks

The banking industry began making a comeback a few months after the sell-off devastated valuations across the sector. Clients began paying down their debts, and there was an air of relative normalcy that seemed to return to the banking industry. Financial institutions were already gearing up for a market crash, but they did not anticipate a global health crisis.

Banks effectively prepared for a recession similar to the 2008-2009 financial crisis. Economic challenges worldwide were already leaning towards a similar, if not worse, situation. However, the pandemic is a completely different scenario. It is unpredictable, and it made the market far more volatile than anticipated.

When the market crashes, many people set aside their loans, making things worse for banking operations. It is likely the reason why Buffett sold off stakes in several financial institutions.

Reduced exposure to gold

Warren Buffett surprised everybody when Berkshire's Q2 13F filing revealed that he invested millions into **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). The Oracle of Omaha has never had a good thing to say about gold or gold stocks. He considers betting on gold to be betting against the economy.

Buffett stayed away from the safe-haven asset for most of his stellar stock market investing career but made an exception this year. The move was short-lived. Berkshire sold more than 40% of its stake in Barrick Gold in the next quarter. A possible reason Buffett might have invested in the stock could be the profits he earned from the move.

Buffett's decision to purchase Barrick shares sent its valuation high, and he sold a portion of his shares in the next quarter.

Foolish takeaway

The recent moves show that Buffett is bearish on both the banking sector and gold. If you feel that Buffett could be right, and there will be a market crash soon, you should consider preparing your portfolio. Buffett might have sold his shares in Barrick Gold after getting the profits, because he thinks betting on gold is betting against the economy.

If you feel that a market crash will happen, you might know that gold prices could rise. Rising gold prices could mean more profits for companies like Barrick. The stock could be a valuable addition to your portfolio. However, [recession-resistant dividend stocks](#) could be better for your investment portfolio for long-term returns.

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