



## Warren Buffett: Get Ready for a New Year Crash

### Description

If there is one person everyone is watching closely within the financial community, it has to be Warren Buffett. While this isn't unusual, right now there is particular interest in the investor. The market remains incredibly volatile with both a world drowning in debt and a pandemic still sweeping the globe. So, what is Warren Buffett doing to keep his head above water?

### Keeping cash

**Berkshire Hathaway** has a ton of cash on hand at this moment. As of writing, the [company](#) had US\$147 billion on hand — an all-time record. Why so much? Is it from fear? Maybe, but definitely not completely.

Whereas the everyday investor might decide to keep cash on hand out of fear of what the market will do, Warren Buffett likely wants cash on hand to have available for an opportunity. No one can say with certainty when the next market crash will happen, but it will happen. When it does, Warren Buffett will want to likely go in on a lot of top stocks that are trading far above where these companies should.

### What kind of companies?

As I mentioned, the stock market currently trades far above where it should given the [current](#) economic situation. The world is going into more and more debt because of COVID-19. This debt will have to be paid off, and when that happens that means higher taxes in most cases. Citizens will need to start paying heavier bills, and that will lead to needing cash — cash coming from their investments, in some cases.

So, there are likely to be several market crashes down the road. That doesn't mean you shouldn't invest, however. Warren Buffett has already started to invest in companies that he believes will be defensive plays during a market downturn. This includes telecommunications companies — those seeing a boost from the work-from-home economy. It includes tech companies, though not too many, as it's likely more historical performance is needed. It also means gold.

Warren Buffett hasn't been a fan of gold, but gold mines seem to be different. You're betting on a company rather than just the metal. In this case, you can see a company growing through acquisition as a good investment. But even then, Warren Buffett isn't taking any chances. In the case of **Barrick Gold**, his company invested and then two months later sold 42% of the stake to take the profits.

## Be like Buffett

The bottom line here is that you should be paying close attention to the markets. If you have stocks you feel won't survive several downturns, and you need that cash soon, then take your profits. Then keep a watchlist of stocks that could be a great defensive play over the next few years. Barrick Gold is a great example of a stock that will rise as the U.S. dollar falls but should remain strong as it continues to grow. A market crash is likely in the new year, and could happen in the first month. So, be prepared, have some cash on hand, and be ready to make some long-term investments that could see huge returns over the next few years!

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