TSX: Bitcoin Can't Beat This Warren Buffett Stock in the Long Term

Description

The year 2020 turned out to be remarkably wonderful for cryptocurrencies — including Bitcoin. The global stock markets struggled due to the COVID-19 pandemic, but Bitcoin has surged by over 290% this year. Instead of stocks, the digital currency seemingly saw a Santa Claus Rally this year. Bitcoin was trading at 28,387 — its highest peak ever — against the U.S. dollar on December 27.

However, you must be very cautious while considering cryptocurrencies as an investment option. Here's why.

Are cryptocurrencies safe to invest in?

If you're a new investor, you're very likely to get overwhelmed news updates — highlighting how cryptocurrencies crushed the market in 2020. But it might not be a wise investment decision for you, or it could be your last investment ever, as this type of digital asset has the potential to wipe out your whole investment portfolio if you trade with the leverage provided by brokers.

You should try to learn from history. Bitcoin rallied by about 360% between October to mid-December 2017. Many stock investors started pouring their hard-earned money into the cryptocurrency at the time — looking at its extraordinary gains. However, the worst came the next, as it tanked from nearly US$20,000 on December 17, 2017, to below US$6,000 by early February 2018.

This unbelievable drop in Bitcoin price highlighted why the world's most renowned investor, Warren Buffett, hates cryptocurrencies.

Warren Buffett on Bitcoin

Earlier this year, Buffett called Bitcoin a "mirage" and "not a currency" in an interview. He and his investment partner Charlie Munger have always been critical of the cryptocurrency.

Munger believes that trading these digital currencies is nothing more than "just dementia," and Buffett

thinks Bitcoin "has no value." With Bitcoin now trading near US$28,000, cryptocurrency traders might hit back at Munger and Buffett for their criticism.

I find Buffett's views on Bitcoin sensible, though. He has always been a long-term investor, and when he talks about cryptocurrencies, he is not talking about where Bitcoin might trade after a year or so. Instead, his statement's mainly focuses on the uncertainties that cryptocurrency trading brings with it. That's why you should listen to him.

Warren Buffett stock to buy now

Buffett's investment firm **Berkshire Hathaway** [bought the shares](#) of **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) in the second quarter this year. The Toronto-based gold and copper mining company's stock surged by nearly 12% within a day after the news came out. Buffett invested nearly US$564 million in ABX with the purchase of 21 million shares.

Interestingly, Barrick Gold has been beating analysts' consensus earnings estimates for the last five quarters in a row. Its earnings have more than doubled on a YoY (year-over-year) basis in the last couple of years. In the September quarter, the company reported adjusted net earnings of US$0.41 per share — much more than double compared to US$0.15 earnings per share in the same quarter of 2019.

Despite COVID-19-related worries, Barrick Gold's revenue growth rate has remained solid in a range of 30% to 48% YoY in the last three quarters.

Bottom line

Apart from considering Buffett's spectacular long-term investment track record, you have all the fundamental reasons to buy this stock today — instead of risking on your hard-earned money by betting on Bitcoin or any other cryptocurrency. In the long term, it could even beat Bitcoin by a wide margin.

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