



Billionaire Diaries: What's Warren Buffett's 2021 Resolution?

Description

Last year was a roller coaster ride for the stock market. The stocks behaved in the most unpredictable way possible amid the pandemic crisis. The year 2021 brings another year of hope and uncertainty. Everyone is making one resolution to be healthy and safe after battling a health crisis. What is Warren Buffett's resolution for 2021?

He may retire or buy another elephant stock through **Berkshire Hathaway** (NYSE:BRK.A)(NYSE:BRK.B).

Warren Buffett's 2020 surprise

Warren Buffett loves market crashes. Much of his advice revolves around it. He sees investors' fears as an opportunity to buy value stocks. In 2019, he didn't buy many stocks and hoarded cash. Even in 2020, when the market crashed with the onset of the pandemic, Buffett went into a selling spree. He sold his entire stake in airline stocks, many bank stocks, **Occidental Petroleum**, and **Restaurant Brands International**.

Instead, he surprised everyone by buying **Barrick Gold**, **Snowflake IPO**, and four pharma stocks, of which three were not involved in making the COVID-19 vaccine. It would be wrong to say all these were Buffett's decisions. His team could have made some of these purchases. But there is no denying that these were the trades of Berkshire Hathaway in 2020.

Buffett did buy one elephant in 2020. He acquired **Dominion Energy's** natural gas transmission business [for \\$8 billion](#), its largest acquisition since Precision Castparts in 2016. A deal of this size might have not gone through without passing Buffett's keen eyes. With this deal, he kept his 2020 resolution of buying an elephant.

Warren Buffett's 2021 resolution

The Buffett indicator measures gross domestic product (GDP) with market capitalization. The indicator only shows that the stocks are overpriced. And it was for this high value that Buffett was cautious in buying. One of his advice on stock trading is "trade knowing that a crash will come but not knowing

when that crash will come.”

I believe that his 2021 resolution might revolve around the expectation of a market crash. The airlines, real estate, and oil stocks took a hit from the pandemic crash. Many hedge funds are using this opportunity to buy into these sectors. **Brookfield Asset Management** is [buying](#) the entire stake in its real estate subsidiary **Brookfield Property Partners**.

Buffett has increased its stake in **Suncor Energy**. He might probably set his eyes on high-end real estate or utility stocks in the next market crash. I don't think Berkshire Hathaway would burn their hands in airlines no matter how lucrative the deal. Buffett is a value investor, and he looks at the company's ability to buy back its shares when the economy recovers. And he doesn't see any buyback happening in airlines for another decade.

Which real estate stock to buy?

Given that Buffett sold his stake in Restaurant Brands, he is unlikely to consider retail REIT. But I won't be surprised if he buys stakes in data center REIT. The next decade will see a boom for the data center infrastructure as cloud computing gathers momentum. With the 5G rollout and the adoption of artificial intelligence and digitization, there will be a growing need for data centers.

Even you can get exposure to real estate and data centers. **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) has the most diverse infrastructure networks portfolio. It has a subsidiary Evoque Data Center Solutions that manages **AT&T's** 31 data centres, which Brookfield acquired in 2019.

The data center is just one of the many industrial properties under Brookfield's properties. Its diversified portfolio of industrial properties includes healthcare, office, utilities, transportation, energy, and communications. The stock has already surged 32% from its March low. It has the potential to grow another 21% as the infrastructure and real estate market recovers.

So...what's *your* 2021 resolution?

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