



Warren Buffett Should Buy More Barrick Gold Stock Before the Market Crashes Again

Description

Warren Buffett was pretty cautious with his bets last year following the 2020 stock market crash. And although we can only speculate at this juncture, there's reason to believe he'll continue to remain cautiously optimistic in the new year. He didn't back up the truck on stocks when they nosedived last February and March. If I had to guess, he's in no hurry to put **Berkshire Hathaway's** massive mountain of cash to work anytime soon, as so many other investors with the FOMO (fear of missing out) mentality have been in recent months.

Does the man think another stock market crash will be in the cards within the next year? Will it be caused by negative surprises relating to the COVID-19 pandemic? Or does Buffett think prospective returns will be muted over the next decade?

While we could be in for another stock market crash this year, I don't think Warren Buffett is looking to play another vicious cash-crunching market meltdown. Why? The U.S. Federal Reserve is probably going to step in before things have a chance to get out of hand, as they did nearly a year ago.

Warren Buffett isn't exactly a raging bull on this stock market either. He appears more than willing to wait things out until he sees more opportunities to grab shares at massive discounts to their intrinsic value ranges. In the meantime, I expect he's likely to maintain his cautiously optimistic stance by scooping up defensive shares of wonderful businesses that most other investors may be sleeping on.

Playing defence while others play offence

In prior pieces, I've gone into detail on Buffett's recent moves (healthcare companies, gold miner **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), grocers, and Japan's sogo shosha trading companies), remarking on the defensive nature of such bets.

With a pricy stock market and numerous uncertainties that still lie ahead, I expect Buffett to continue investing as though he thinks we're in the latter stages of the market cycle, rather than treating the

coronavirus stock market crash as the end of the old cycle and [the beginning of a new one](#).

What are some Canadian stocks to buy if you want to play it cautiously optimistic like Warren Buffett?

Barrick Gold is an obvious first choice. Although Berkshire has trimmed its stake in the latter part of last year, I wouldn't at all be surprised to learn of a re-accumulation of shares, given the recent dip in shares of Barrick.

Warren Buffett has never been a huge fan of gold, often remarking on its "unproductive" nature of time. That said, we're in a weird market environment that calls for unequally unusual moves. Bonds are the most unrewarding they've been in recent memory, making the opportunity costs of holding gold the lowest they've been in recent memory. With profound uncertainty, inflation risks, and bubbles floating around the stock market, I think we've reached a point where even prior gold critics would prefer holding the shiny yellow metal over bonds at these rates.

Barrick Gold: A golden opportunity to invest alongside Warren Buffett?

For those looking to mirror Warren Buffett's defensive moves, Barrick Gold is a solid bet. The well-run producer may be mining an "unproductive" asset. Still, there's no denying that it's gushing with cash. Moreover, the company has been raising its dividend of late like it's nobody's business, a trend I suspect will continue as gold continues to appreciate over the coming 18 months.

Barrick sports a 1.55% yield and is a cheap way to profit profoundly if you think **Bank of America** is right on the money with its prediction that gold prices will [surge to US\\$3,000](#) by 2022.

I, like Buffett, may not be a huge fan of holding gold over the long term. That said, I am a fan of the risk/reward profile in this current market environment. Whether you're looking to preserve your wealth, grow your wealth, or better manage inflation risks, I'd look to gain at least a little bit (2-4% of the total portfolio) of exposure to the precious metals through miners like Barrick or bullion ETFs like **SPDR Gold Trust** if you've yet to do so.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/09/08

Date Created

2021/01/12

Author

joefrenette

default watermark

default watermark