



## Warren Buffett: Watch Out for a Stock Market Crash!

### Description

The COVID-19 pandemic rattled investors in 2020, and they scrambled for guidance from the top minds in the industry. Naturally, Warren Buffett was one of the top names that kept popping up throughout the year. The Oracle of Omaha was bit early on after a bold bet on airlines. A broad recovery in North American stocks reinforced his eternal optimism. However, investors cannot ignore red flags that suggest a stock market crash may be imminent.

That optimism has not manifested itself in Buffett's favourite market indicator. Today, I want to discuss why investors may want to be fearful of a market crash as we consider this red flag.

### Warren Buffett's favourite indicator is flashing red!

In December 2020, I'd discussed Warren Buffett's [favourite market indicator](#). This indicator takes the combined market capitalizations of publicly traded stocks worldwide and divides it by the given country's gross domestic product (GDP). The indicator hit a 13-year high during trading this week. That suggests that stocks are broadly overheated. Investors should exercise extreme caution in this environment.

Where should investors turn in the face of these warning signs? One strategy is to look at what stocks Warren Buffett is avoiding and adding right now.

### What stocks is the Oracle of Omaha selling?

Warren Buffett is an ardent Bitcoin skeptic. The investing legend once called Bitcoin "rat poison." He had formerly predicted a "bad ending" for cryptocurrencies and declared that he would buy a "five-year put" on all of them if he could. As it stands today, that prediction is looking shaky. Indeed, Bitcoin surpassed **Berkshire Hathaway's** market share over the past month. Still, don't bet on Buffett changing his mind on cryptos anytime soon.

The Oracle of Omaha has also been critical of gold bugs over the years. Berkshire's \$500 million **Barrick Gold**

purchase puzzled investors in the summer. However, the company went on to dump over 40% of its stake in the top gold producer in the third quarter. Bitcoin and gold soared in 2020 in the face of a destabilizing pandemic and a weakening U.S. dollar. It does not look like Buffett is confident in gold continuing its record run into 2021.

## Warren Buffett: What stocks is he buying?

Warren Buffett is not a Bitcoin believer, and he's distancing himself from gold. However, Berkshire has [shown a fondness](#) for healthcare equities in its most recent quarter. That should come as no surprise with the vaccine rollout holding huge promise for companies like **Merck**, **Pfizer**, and others.

Canadians should also look to get in on the promising healthcare space. **Andlauer Healthcare** ([TSX:AND](#)) is one of my favourite healthcare equities on the TSX. This Vaughan-based company provides a platform of third-party logistics (3PL) and specialized transportation solutions for the domestic healthcare sector. Shares of Andlauer have climbed 80% year over year as of close on January 14.

In Q3 2020, this healthcare stock saw revenue increased 7% from the prior year to \$75.8 million. Moreover, EBITDA rose 13% to \$20.2 million. Canadians should follow Warren Buffett's lead and add Andlauer and other healthcare stocks in January.

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aocallaghan

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