



Warren Buffett Thinks You Should Sell These Stocks Now

Description

It pays to listen to Warren Buffett. Right now, he's being very clear about what to buy and what to sell.

Toward the end of 2020, his holding company **Berkshire Hathaway** made some surprise moves. Some big bets were cancelled, while others were increased to epic proportions.

Ditch these stocks now

The COVID-19 economy is fragile. Jeremy Grantham, co-founder at GMO, described conditions succinctly when he noted how the economy was in the bottom 1% in history, yet the stock market was priced in the top 10%.

"Everything is uncertain, perhaps to a unique degree," he concluded.

Buffett seems to agree. Berkshire Hathaway is unloading economically-sensitive stocks like never before. Key positions, some Buffett has held for decades, were slashed.

"Warren Buffett's Berkshire Hathaway amassed north of \$8 billion of **JPMorgan** stock, only to sell almost all of it this year," *Business Insider* [reported](#). "Berkshire's selling is surprising, given Buffett personally owned the stock in 2012, two Berkshire executives sit on JPMorgan's board, and he's a longtime admirer of CEO Jamie Dimon."

That's not the end of it. His Wells Fargo stake, long considered a "permanent" position, was cut to a 17-year low.

While Buffett doesn't own any Canadian banks, it's clear that peers including **Royal Bank of Canada** and **Bank of Nova Scotia** face similar troubles. If the economy stutters, broad-based banks like these will suffer immediately.

It really doesn't matter how a bank is structured or where it's headquartered. If the underlying economy weakens, as Buffett seems to suggest, there will be nowhere to hide.

Buffett hates airline stocks again

Airlines have been tough investments for decades. After years of malaise, the industry finally picked up last decade, only for the gains to evaporate when the coronavirus hit. Perhaps no one knows the pain of airline stocks more than Buffett.

"The airline business has been extraordinary. It has eaten up capital over the past century like almost no other business because people seem to keep coming back to it and putting fresh money in," he once [explained](#). "You've got huge fixed costs, you've got strong labor unions and you've got commodity pricing. That is not a great recipe for success."

Despite his own warnings, he built a multi-billion dollar stake across several airlines a few years ago. Last May, he was forced to sell many of those positions.

"We took money out of the business basically even at a substantial loss," Buffett revealed. "We will not fund a company ... where we think that it is going to chew up money in the future."

Airline supply is still at 2019 levels, yet demand won't fully recover for years. Airline stocks like **Air Canada** are not where you want to stash your money right now.

These stocks are worth buying

Buffett is selling bank and airline stocks, but he's quite bullish on many businesses, including **Amazon** and **Apple**. Those two positions now account for more than *half* of his equity portfolio!

Know which stocks to ditch this year, but don't forget to build your buy list.

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Author

rvanzo

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