



Warren Buffett & Bitcoin: Get Ready to Rumble

Description

Warren Buffett isn't a big fan of cryptocurrencies like Bitcoin.

"Cryptocurrencies basically have no value," he once [told](#) CNBC. "You can't do anything with it except sell it to somebody else. But then that person's got the problem."

Buffett capped the interview with dramatic flair.

"I don't own any cryptocurrency," he concluded. "I never will."

There's only one problem: Buffett has reversed course before, and he will again with Bitcoin.

Sometimes people are wrong

For decades, Buffett promised that he would never invest in airlines.

"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 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."

Yet in 2014, he became a top shareholder in four different airlines.

That's not the only time he's reversed course. After avoiding tech stocks for decades, Buffett is now a huge investor in the space. He owns multi-trillion-dollar behemoths like **Amazon** and **Apple**. In fact, Apple now accounts for nearly 50% of his entire public equity portfolio!

"Yeah, I've been a fan, and I've been an idiot for not buying," he once told reporters after picking up Amazon shares for the first time.

Buffett will come around to Bitcoin

Countless experts have reversed course when it comes to cryptocurrencies like Bitcoin.

Financial historian Niall Ferguson says he was “wrong to think there was no use for a form of currency based on blockchain technology.” Former *Business Insider* editor Joe Weisenthal thought Bitcoin was a currency for clowns. “Now, I no longer think that,” he said.

Buffett’s close friend, **JP Morgan Chase** CEO Jamie Dimon, has also flipped opinions on Bitcoin. He once said he would fire any traders that “were dumb enough to buy it.” Today, his firm thinks Bitcoin prices could rise all the way to US\$146,000!

Buffett is a fantastic investor — perhaps the best in modern history. Yet no one would argue that he’s an early adopter. Most notably, he has struggled to come around to investments that don’t produce direct cash flow profit, like gold.

He once summed up his thoughts, saying gold “gets dug out of the ground in Africa ... Then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. It has no utility. Anyone watching from Mars would be scratching their head.”

Yet last year, Buffett poured \$500 million into one of the largest gold miners on the planet. He’s come out strongly against certain asset classes in the past, only to invest serious money years or even decades later.

Bottom line

There’s no doubt that Bitcoin is one of the most volatile investments you can buy today. It’s not for everyone.

But should you be scared that Buffett doesn’t approve? The answer is no. Don’t be surprised if he jumps in down the line.

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