



## Warren Buffett: Buy Gold, Not Bitcoin

### Description

Warren Buffett shocked the world when his Berkshire Hathaway disclosed it has a massive stake in the Canadian gold miner **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). Buffett has a long history of being an opponent of investing in gold. Until Berkshire's investment in Barrick, the Oracle of Omaha never invested in the rare yellow metal or any of its related assets.

Buffett has not been a fan of gold. It is likely that he did not directly make the decision to invest in Barrick, but the fact that he was not against it is more than enough for a stamp of approval for his fans to follow in his footsteps.

Bitcoin has been causing a frenzy among investors again. If you are a Buffett follower, you might be curious about what he feels about the asset and whether you should invest in the cryptocurrency. I will discuss why Buffett might still invest in gold but [avoid Bitcoin](#).

### The buffett-backed gold stock took a plunge

Buffett has called gold an unproductive asset that he feels produces nothing over time. Bonds used to be a better investment a few decades ago, but Berkshire has pulled back on its bond exposure in recent years due to low interest rates. It is possible that he hates the fixed income debt securities more than gold.

Buffett's investment in Barrick was surprising, coming during a period when the commodity's prices surged above US\$2,000. However, gold prices have since pulled back to the US\$1,800 region since the climb. The Q3 2020 filing by Berkshire also revealed that Buffett trimmed his investment in the stock to around 40%.

Buffett trimming his Barrick position could be a sign that he just invested in the stock for the potential profits. However, he has not exited his position entirely. It indicates that he could be holding onto the stock for another bullish gold run and increased profits.

## Why avoid Bitcoin despite its surge

Bitcoin reached its all-time high valuation of almost high of US\$40,797.61 in January, with massive upswings since December leading to the surge. Investors who have avoided the cryptocurrency began flocking in droves towards Bitcoin. However, it had a sudden pullback of 13% to go down to US\$35,595 in a matter of days.

Bitcoin is trading for US\$36,733 at writing, and its price keeps fluctuating. The sudden surge and decline in the cryptocurrency's valuation is a clear sign that it is not an investment that you can rely on for long-term capital growth.

While many investors might be treating the virtual currency as a replacement for gold as a safe-haven asset, [Bitcoin does not hold any tangible value](#). Bitcoin's prices rely entirely on investor faith in the stock. The recent climb and pullback in Bitcoin prices indicate that many profit-seeking investors flocked to the stock to drive its prices up and pulled out before the cryptocurrency corrected itself.

Bitcoin is too unpredictable for investors to rely on as a viable long-term investment.

## Foolish takeaway

Bitcoin is an asset with no underlying value. Warren Buffett has even compared Bitcoin to rat poison at one point. Despite his stance on gold, Buffett's decision to invest in Barrick Gold indicates that he considers it a better investment than cryptocurrencies.

While you might be tempted to invest in Bitcoin, be aware that the cryptocurrency can just as quickly sink your capital as it can make you a millionaire.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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**Date**

2025/09/07

**Date Created**

2021/01/21

**Author**

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