



Warren Buffett Is Wrong About Bitcoin: Here's Why

Description

Warren Buffett hates Bitcoin. He's made that abundantly clear.

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

Then, Buffett made a surprising statement.

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

That's surprising because Buffett has [changed](#) his tune many times over his career. You'd think he'd take caution when using the word "never." When it comes to Bitcoin, expect him to change his mind, perhaps as soon as this year.

Buffett has flipped opinions before

For decades, Buffett told investors to avoid airline stocks.

"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 warned. "You've got huge fixed costs, you've got strong labour unions and you've got commodity pricing. That is not a great recipe for success."

Apparently things change. Last year, he was a top shareholder across four different airlines.

Buffett had a similar change of heart when it comes to gold. He's often attributed with quotes saying that "it has no utility" and that "anyone watching from Mars would be scratching their head."

Guess what? Last year, he made a giant bet on the world's biggest gold miner.

“And just like that, Buffett likes gold,” [remarked](#) *Advisor Perspectives*.

Experts are coming around to Bitcoin

When it comes to Bitcoin, I fully expect Buffett to admit that he is wrong. He wouldn't be the first expert to do so.

JP Morgan Chase CEO Jamie Dimon once threatened to fire any traders that “were dumb enough to buy it.” Today, his firm thinks Bitcoin prices could rise another 500% in value.

Even legendary investor Ray Dalio, who manages the world's largest hedge fund, just got on the Bitcoin bandwagon.

“To have invented a new type of money via a system that is programmed into a computer and that has worked for around 10 years and is rapidly gaining popularity as both a type of money and a means of storing wealth is an amazing accomplishment,” Dalio wrote this week. “There aren't many alternative gold-like assets at this time of rising need for them.”

He summarized the buy thesis succinctly as a “long-duration option on a highly unknown future.”

Bitcoin doesn't need Buffett

Even if Buffett ignores the promise of Bitcoin forever, that won't stop other large institutional investors from making it a credible investment asset class.

“I and my colleagues at Bridgewater are intently focusing on alternative storehold of wealth assets and expect Bridgewater to soon offer an alt-cash fund and a storehold of wealth fund in order to better deal with the devaluation of money and credit that we consider to be a major risk and opportunity, and Bitcoin won't escape our scrutiny,” Dalio revealed this week.

Bitcoin is gaining mass recognition as a legitimate investment and store of value, even if Buffett never understands his blindspot.

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Date

2025/08/26

Date Created

2021/01/31

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