



What Would Warren Buffett Think of the WallStreetBets Frenzy?

Description

Warren Buffett isn't a raging bull on this stock market, as most other investors, especially the [bold folks](#) at popular subreddit WallStreetBets, are right now. He's content with enjoying the sideshow at **GameStop**, **AMC Entertainment**, **Bed Bath and Beyond** and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) safely and comfortably from the [sidelines](#).

Although the Oracle has yet to remark on the WallStreetBets-fuelled frenzy, I'd bet that he'd disapprove of the rampant speculation involved with fear of missing out bets occurring at the incredibly popular subreddit.

You see, Warren Buffett isn't just an investment legend. He's also one of the greatest investment teachers of all-time. I firmly believe he's on the side of beginner retail investors, and he doesn't want to see them get hurt by loading up on the sexiest stocks out there.

Markets don't *have* to be open at all times

Now, I'm not so sure if the man is for or against the horrific trade restrictions put forth by controversial trading platform Robinhood, but I know that Warren Buffett isn't one to expect the exchanges to be open on the day to day.

"If you are not willing to own a stock for 10 years, do not even think about owning it for 10 minutes." Warren Buffett once said. "I buy on the assumption that they could close the market the next day and not reopen it for five years."

Now, Warren Buffett is a true long-term investor, not a day trader. So, for the hungry folks at WallStreetBets, assuming that the markets won't open for a prolonged period of time or that brokerages won't restrict trading for some time is simply out of the question.

The disgruntled crowd at WallStreetsBets definitely have the right to be furious at Robinhood, which, I believe, let retail investors down. Although I'm sure Robinhood's top boss Vlad Tenev would claim he's protecting its euphoric users from themselves while not going into depth on its alleged ties with large

hedge funds and the obvious potential for “conflicts of interest.”

Heck, various politicians on both sides of the political spectrum have shown their willingness to stand by the little guy (the hungry and fearless crowd at WallStreetBets) in their battle against the big-league short-selling hedge funds.

That said, Warren Buffett has warned investors about the potential for market interference in the past, and he’ll probably do so again, as the feud between WallStreetsBets and Robinhood continues to heat up.

If you’re assuming you’ll be able to dispose of your GameStop or BlackBerry shares at any point during the market’s open, you could be in for a nasty surprise. So, unless you’re willing to part with a majority, if not the entirety, of your investment principal, and you’re willing to hold through dreadful trading restrictions, freezes and all the sort, I’d recommend sitting with Warren Buffett comfortably on the sidelines.

Neither Warren Buffett nor I would not dare touch GameStop stock with a barge pole at these levels. That said, I don’t know if GameStop will have another leg higher or if it’ll continue crumbling like a paper bag. That ultimately depends if the folks at WallStreetBets are willing to through the wild pendulum swings and run the risk of holding the bag.

The Foolish takeaway on WallStreetBets’ trades

Could the pendulum at GameStop, AMC Entertainment, and BlackBerry stock have overswung to the downside? It could have. But there’s also a chance that Robinhood caused the pendulum to slam into a brick wall.

The so-called “diamond hands” (strong-handed investors) could be in for more near-term gains if the pendulum starts swinging the other way. Regardless, I wouldn’t get involved in the frenzy unless you’ve got disposable income you’d be willing to lose and are aware of the liquidity risks brought forth by your personal broker. Also, please heed Warren Buffett’s prior words of wisdom!

Of the WallStreetBets trades, my favourite is BlackBerry. So, if you’re keen on speculating and are aware of the risks, BB stock may be worth nibbling with disposable income following its brutal +50% decline.

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Author

joefrenette

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