



## Warren Buffett Just Signaled a Massive Market Rally in 2021

### Description

Warren Buffett-led investment giant **Berkshire Hathaway** released its latest annual letter to shareholders during the weekend. This letter reflects Buffett's views about the economy and the market. The legendary investor continues to be strongly optimistic about the American economy — which could lead to a big market rally. Let's take a closer look at some key insights from Berkshire's latest annual letter.

### Warren Buffett's optimism continues

The U.S. economy is usually considered an indication of a healthy global economy. In his over half a century-long investing career, Buffett has made many mistakes that he doesn't shy away from accepting. However, the one thing that has remained unchanged throughout his career is his confidence in the American economy. In Berkshire Hathaway's 2020 annual report, Buffett reiterated this confidence, [saying](#), "despite some severe interruptions, our country's economic progress has been breathtaking."

In 2020, the stock market nosedived after the COVID-19 started taking a big toll on investors' sentiments across the globe. But a recent surge in economic activities, improving jobs figures, and the stable housing market across North America point towards a faster-than-expected economic recovery in 2021, which could lead to a big market rally.

### Focus on long-term investment

Apart from the U.S. economy, the 90-year-old billionaire investor is also confident that long-term investing is the best way to make money out of the market. He believes in ignoring the short-term market noise and remains focused on growing wealth in the long term. This is one of the easiest mantras that many novice investors fail to understand when making investment decisions.

In the letter to shareholders, Buffett noted that he and his investment partner Charlie Munger “firmly believe that, over time, Berkshire’s capital gains from its investment holdings will be substantial.”

## Invest like Buffett

In the last few years, Buffett has seemingly adjusted his investing approach with changing market dynamics. About a decade ago, he wasn’t a fan of tech stocks. But the tech giant **Apple** is Berkshire’s largest single holding today; it’s also betting on **Amazon**. It clearly reflects how Buffett has gradually started accepting the dominance of tech companies in today’s world.

If you want to make money investing in stocks like him, it’s a good idea that you start investing in some good tech companies that are likely to see huge growth in the long term. Tech companies like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) could be two of such great tech stocks to buy right now for Canadian investors.

Shopify last year [demonstrated](#) its ability to grow at an exponential rate, even during tough times. The company’s revenue jumped by 86% in 2020. Its net profits rose to US\$491.3 million last year from US\$34.3 million in the previous year. While its extraordinary growth might normalize in the medium term, it’s still likely to grow at a much faster rate in the long term than most other tech companies. Interestingly, Shopify stock has yielded over 5,400% positive returns in the last five years.

While BlackBerry stock hasn’t shown such an impressive rally lately, it seems to be preparing for even one. The company is heavily investing in fast-growing areas like artificial intelligence and technology for electric and autonomous vehicles. BlackBerry is partnering with other tech companies like Amazon and **Baidu** to benefit from the upcoming electric vehicle revolution. After considering all these factors apart from its stable licensing business, I find BlackBerry stock to be undervalued. Its stock could stage a big rally in the coming years, as the demand for electric vehicles, autonomous cars, and security software solutions grow.

## Foolish takeaway

Focusing only on short-term gains is the biggest mistake that most new investors make. Legendary investors like Buffett remind us how we multiply our savings by investing in stocks for the long term instead. The year 2021 could be the best time to start investing in stocks — especially when a world-renowned investor like Buffett is optimistic about the economy.

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