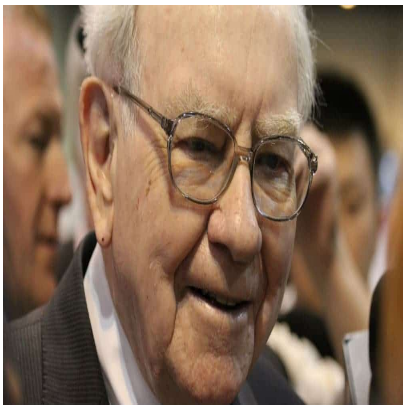

Warren Buffett Wisdom: 1 Investing Mistake to Avoid

Description

Is there a crystal ball for investing and stock trading? Many investors follow market trends for tomorrow but not the past. Even veteran investors have used the concept of timing the buying and selling of stocks around future price movements. Timing the market is an investment strategy, although it doesn't work nearly 100% of the time.

If you were to ask the GOAT of investing about one mistake to avoid, he would likely tell you not to time the market. Warren Buffett has been actively investing for 70 years (1951-2021), but not once did he claim success in timing the market. Even **JPMorgan's** CEO, Jamie Dimon, advises people to heed Buffett's advice. Dimon sees a market boom for years but warns against attempts to time the market.

Hazardous to investment success

Warren Buffett is a savvy investor who doesn't believe in the market noise. Also, guessing the market tops and bottoms is not his cup of tea. Dimon adds that it's a loser's game if you were to try it. Buffett's annual letter to **Berkshire Hathaway** shareholders in 2000 still applies 21 years later.

The Berkshire chief wrote then, "The line separating investment and speculation, which is never bright and clear, becomes blurred still further when most market participants have recently enjoyed triumphs."

Don't compromise on business quality

According to Buffett, to time the market is a total waste of time, if not hazardous to investment success. He's more comfortable in the value investing approach instead of acting irrational like most investors. Buffett buys shares of undervalued companies whose shares trade below the intrinsic value. He scoops and holds them for the long term.

Buffett finds it more challenging to identify high-quality businesses than being distracted by market predictions. He invests in high-quality companies with promising long-term opportunities for continued growth. “Time is the friend of the wonderful business, the enemy of the mediocre,” he said.

Buying opportunity

Barrick Gold (TSX:ABX)(NYSE:GOLD) is a high-quality company, yet Buffett held the gold stock only briefly in 2020. He was never a fan of the world’s most precious metal. Nonetheless, the Canadian gold and copper mining company is a buying opportunity in 2021. With its market cap of $47.34 billion, Barrick is an industry titan.

At $26.19 per share, market analysts think Barrick Gold is largely undervalued relative to its peers. The stock trades at a discount (-9.3% year to date), so it should be a good entry point. Also, the company pays a modest 1.71% dividend. There are a couple of tailwinds for Barrick.

Industry experts say as higher inflation pushes commodity markets upward, gold prices should follow. They add that copper demand would likewise increase significantly in the coming years. Barrick has been itching to snag more copper assets.

The yellow and red metal markets are great investment targets in the current macro environment. Meanwhile, management estimates Q1 2021 production to decline. It will not hinder them from achieving record production numbers by the second half of the year. Barrick Gold expects relatively stable gold production until 2030.

Unchanging mentality

Warren Buffett maintains a buy-and-hold mentality up to this day. His success depends not on timing the market, but on buying high-quality businesses at reasonable prices. Expect to earn high returns and see an increase in value over time.

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