



Warren Buffett's Silence on Cryptocurrencies Speaks Louder Than Words

Description

Cryptocurrencies have been one of the hottest topics among the investors' community in the last year. Recently, the American multinational investment bank **Goldman Sachs** formerly gave the go-ahead to its dedicated cryptocurrency trading team. This development came a few months after the Elon Musk-led popular electric carmaker **Tesla** invested about US\$1.5 billion in Bitcoin before selling 10% of its position in Q1.

Warren Buffett's silence on cryptocurrencies

In contrast, [Warren Buffett](#) — one of the world's most renowned investors — recently chose to remain silent when asked about his opinion about cryptocurrencies. Nonetheless, his silence on Bitcoin and other cryptocurrencies.

During **Berkshire Hathaway's** (NYSE:BRK.A)(NYSE:BRK.B) annual shareholders' meeting on May 1, Buffett dodged a question about cryptocurrencies in his humorous style. The 90-year-old legendary investor [said](#), "I'm going to dodge that question, because we've probably got hundreds of thousands of people watching this that own Bitcoin ... We've got two people that are short. We've got a choice of making 400,000 people mad at us and unhappy and/or making two people happy. That's just a dumb equation."

Buffett and Munger don't like cryptocurrencies

Despite his recent silence, Buffett's views about cryptocurrencies are well known. During a *CNBC* interview last year, Buffett clearly [criticized](#) cryptocurrencies, saying they "basically have no value and they don't produce anything."

The cryptocurrency market has attracted a large number of investors lately — due to several factors — including a sharp rise in Bitcoin prices in the last year. While many investors may pay attention to Bitcoin's sharp rally in the last year, Buffett has seen many new market trends emerge and suddenly collapse before completely disappearing in a few years.

He has already warned investors against investing in cryptocurrencies on many occasions in the past. So, Buffett seemingly doesn't find it worth repeating the same negative views repeatedly — especially when the cryptocurrency market is rising. If Buffett tries to make cryptocurrency investors understand how risky and valueless many of these digital assets are, most people would probably start criticizing him for doing that.

Buffett's long-time investment partner Charlie Munger didn't hesitate in criticizing the cryptocurrencies publicly during Berkshire's latest annual meeting. While speaking about cryptocurrencies, Munger stated, "I think the whole damn development is disgusting and contrary to the interests of civilization."

Where to invest your money

While Buffett criticizes cryptocurrencies, it's always good to follow [his advice of investing](#) in fundamentally strong companies for the long term. Amid the ongoing tech stock correction, I find the shares of Canadian companies like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) attractive. While Shopify stock has lost nearly 30% in the last three months, Lightspeed stock has slipped by 22% during the same period. On April 28, Shopify reported a 958% YoY (year-over-year) rise in its quarterly earnings. Its revenue for the quarter rose by 110% to US\$989 million.

Lightspeed's YoY sales growth trend also remained strong, as the company reported a nearly 80% YoY rise in its revenue in Q4. LSPD will announce its March quarter results next week on May 20. Better-than-expected Q1 results could reverse Lightspeed stock's downward trend and trigger a rally.

Foolish takeaway

In the last few months, you may have read the news about how a handful of traders got rich by speculating in the cryptocurrency market. However, most news headlines don't tell you how most small cryptocurrency traders lose all of their invested money — especially when trading with high leverage. That's why Buffett's hint to stay away from cryptocurrencies makes sense.

Instead, you can keep buying fundamentally strong stocks like Shopify and Lightspeed and hold them for the long term. They have the potential to yield much better returns than cryptocurrencies in the long term — with fewer risks involved.

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