



Warren Buffett: Why He Seems to Be Worried as We Enter Q3 2021

Description

[Canadian stocks](#) continued to surge in the second quarter of 2021 — posting their fifth consecutive quarter of gains. At the time of writing on June 30, the **TSX Composite Index** was trading 15.7% year-to-date gains. As the global economy continues to come out of the COVID-19-driven challenges, the earnings-growth outlook for many businesses is significantly improving. However, the legendary investor Warren Buffett seems to believe that the pandemic-related unpredictability is not over yet.

Let's take a closer look at Buffett's worries as we enter Q3. Later in this article, we discuss which stocks could continue to yield high returns in such a scenario.

Warren Buffett's worries

The Oracle of Omaha recently opened up about views about the ongoing recovery from the pandemic in his recent [interview](#) with *CNBC*. He believes that the pandemic's "economic impact has been this extremely uneven." While explaining his argument further, Buffett pointed out, "many hundreds of thousands or millions of small businesses have been hurt in a terrible way." In contrast, most large businesses — except from hospitality and some other similar industries — continued to do well during the COVID phase.

The uneven economic impact — which Buffett is raising concerns about — has been one of the key reasons why many experts have questioned the market rally in the last couple of quarters. While the pandemic accelerated the growth of a handful of big businesses, it devastated most small-sized businesses. In fact, many such small businesses are still struggling for survival, even months after some countries started the reopening process.

What does it mean for the markets?

This year so far, we haven't seen any major direct impact of small businesses' worries on the broader market. And it might not reflect these worries in the second half of the year as well, because most other large companies from tech, banking, and other industries are still expected to continue posting solid

growth in the near term.

This is the time when investors need to play smart and avoid investing in struggling businesses at the moment in the hope of recovery. Nonetheless, you can still expect good returns by investing in fundamentally strong businesses with a solid business growth outlook.

Time to invest wisely for the long term

I find **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) to be one of the best TSX tech stocks to buy right now. The company registered strong sales growth, even during the pandemic phase. As the global economy continues to reopen, the demand for Lightspeed's software solutions is likely to rise further in the next year.

In the fiscal year ended in March 2021, LSPD's sales increased by 84% YoY. Bay Street analysts expect this growth rate to improve further in the ongoing fiscal year and its annual sales to more than double. While Lightspeed stock rose by 149% last year, it still hasn't risen much this year. You can expect its consistently improving sales growth outlook to fuel a rally in its stock in the second half of 2021.

Apart from Lightspeed stock, investors can also consider some undervalued high-growth stocks that could outperform the broader market by a wide margin in the long term.

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Date

2025/08/24

Date Created

2021/06/30

Author

jparashar

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