



## Warren Buffett Shares Some Thoughts About the Pandemic

### Description

Warren Buffett has shared his thoughts about the pandemic and its uneven economic impact. He also made a grim prediction that “there will be another pandemic.” And based on what happened in this pandemic, where a situation could definitely have been handled better in various parts of the world, we might not fare well in the coming pandemic as well. Buffett’s words also augment this notion; he said, “I learned that people don’t know as much as they think they do.”

The [wizard of Omaha](#) also reflected the uneven impact of the pandemic on the economy. He said, “many hundreds of thousands or millions of small businesses have been hurt in a terrible way, but most of the big companies have overwhelmingly done fine.”

Buffett also pointed out that many nuclear, chemical, biological, and cyber threats might be lurking and could have dire possibilities.

### Lessons to learn

What can we learn from Buffett’s thoughts on the pandemic? As one of the greatest investors who’s ever lived, Buffett undoubtedly has the ability to see the big picture, and he can see businesses in the context of how the economy has changed and *is* changing. And since he found the pandemic “unpredictable” and didn’t buy as actively as he did in the aftermath of the Great Recession, there is an important lesson to be learned here.

And it’s that we cannot treat every market crash the same. Buffett teaches that investors should be “greedy when others are fearful,” but he also says that you should invest in what you understand. If the post-pandemic stocks and the market is something you can’t navigate, it might not be a good idea to tie your capital to companies just because they are discounted.

## A stock that didn’t perform very well after the pandemic

**Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)) was a decent growth stock before the pandemic-driven

market crash. Including its after-crash [recovery and growth](#), the stock has grown over 135% in the last five years. But where several other growth stocks from multiple sectors (which indicates that it wasn't a sector-specific phenomenon) rose to new heights after the pandemic, Waste Connections became almost stagnant.

Its growth in 2021 is 16%, which isn't terrible per se, but it's a far cry from the company's potential. And this relatively modest growth comes with an expensive valuation tag, a price-to-earnings ratio of 143, and a price-to-book ratio of 5.6. Ironically, Waste Connections, by its very nature, is a business that *shouldn't* have been affected by the pandemic at all. It's a necessary service, and the fact that people spent more time in their homes during the pandemic shouldn't have made a difference.

## A stock that thrived after the pandemic

Another growth stock you should consider is **BRP** ([TSX:DOO](#)). It had been an even more robust growth stock before the pandemic, and it really took off after the pandemic-driven market crash. The overall five-year returns have been 377%, and even though the year-to-date growth is quite similar to Waste Connections's, growth from Jan. 2021 to its yearly spike was quite aggressive.

And the best part is that despite being a more potent growth stock, it comes with a significantly lighter price tag. As a recreational product company, it's also a fantastic recovery stock, since people might try to get back to their normal lives, take vacations, and do as much as they can to make up for the lost time.

## Foolish takeaway

Whether you are just [learning how to invest](#) or are a seasoned investor, there is a lot you can learn from Warren Buffett's words as well as his actions. Even if you disagree with him and don't emulate his investment decisions, you can learn about the potential of different sectors just from Buffett's attention on them. Similarly, you might consider avoiding some sectors and industries that Buffett is avoiding during (and after) market crashes.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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2. TSX:DOO (BRP Inc.)
3. TSX:WCN (Waste Connections)

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