

Title:

Buffett's Big Bet

Word Count:

792

Summary:

Over the past few days, there have been several stories written about Warren Buffett's \$14 billion

^Berkshire is also subject to equity price risk with respect to certain long duration equity index

Keywords:

buffett, Warren Buffett, Warren, Berkshire Hathaway, Berkshire, value investing, value investment

Article Body:

Over the past few days, there have been several stories written about Warren Buffett's \$14 billion

^Berkshire is also subject to equity price risk with respect to certain long duration equity index

It's impossible to evaluate what exactly this means for Berkshire or what it tells us about Buffett

First, the \$14 billion headline number makes this bet look larger than it really is. According to

A lot of these news stories have called Berkshire's ^long duration equity index put contracts

That's important to keep in mind, because I'm not sure this bet is much more than that. If you

Equity will earn returns, much of those returns will be retained by the businesses, and inflation

So, I'm not sure this is a bullish sign. In fact, it may be a bearish sign, because it suggests

Remember, someone is paying for this protection. In my opinion, it's not the kind of protection

We don't know what premiums Berkshire is receiving, so we really can't evaluate these contracts

I'm not enamored with current valuations in the U.S., but looking out a couple decades it's not

What's remarkable about the way investors move stock prices isn't the magnitude of the truly massive

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