Transcript: Warren Buffett Just Sold $75 Billion Worth of Stock

Video ID: zecjFAPHjVg

Extraction Date: 2025-04-02 06:46:16

**[00:00:00]** did you see the news I'll send you the

**[00:00:01]** link oh wow he sold a lot of stock

**[00:00:04]** Warren Buffett the best investor that

**[00:00:05]** has ever lived is currently selling

**[00:00:07]** massive chunks of his portfolio

**[00:00:09]** Berkshire heway released their quarterly

**[00:00:10]** earnings report just a few days ago and

**[00:00:12]** if you browse through the balance sheet

**[00:00:14]** you can see something is definitely

**[00:00:16]** going on if we zoom in and have a look

**[00:00:18]** at their stock and bond Holdings coming

**[00:00:20]** into the quarter on the 31st of March

**[00:00:22]** 2024 Burkshire had

**[00:00:23]** $153.4 billion sitting in short-term US

**[00:00:26]** government bonds and had a stock

**[00:00:28]** portfolio worth 335 5.8 billion just

**[00:00:31]** looking at those two lines Buffett was

**[00:00:33]** in 31% government bonds and 69% stocks

**[00:00:36]** but now take a look at bur's posted

**[00:00:38]** results just 3 months later on the 30th

**[00:00:40]** of June 2024 burshire held a whopping

**[00:00:47]** $234.66 billion more than 3 months prior

**[00:00:50]** and where did this money come from it

**[00:00:52]** came almost entirely from their

**[00:00:54]** investments in stocks on June the 30th

**[00:00:56]** Burkshire had reduced their stock

**[00:00:58]** Holdings from 3358 billion to

**[00:01:01]** 284.5 billion this means in one quarter

**[00:01:03]** he sold at least $51 billion worth of

**[00:01:06]** shares out of the burshire portfolio and

**[00:01:08]** in fact once you account for the $23.9

**[00:01:10]** billion worth of reported stock gains in

**[00:01:13]** the second quarter it actually means he

**[00:01:15]** sold around 75.5 billion of Securities

**[00:01:18]** in one quarter alone so the question is

**[00:01:23]** what did he sell and why and as some of

**[00:01:26]** you Keen followers might have already

**[00:01:28]** guessed the biggest change to to the

**[00:01:30]** portfolio came from him selling just one

**[00:01:32]** stock and that stock was Apple as you

**[00:01:35]** can see from further down in the report

**[00:01:36]** last quarter Burkshire held $ 135.4

**[00:01:39]** billion worth of Apple stock and now

**[00:01:41]** that number sits at just 84.2 billion a

**[00:01:44]** reduction of 51.2

**[00:01:47]** billion this takes Apple from a whopping

**[00:01:49]** 50% of the bursh portfolio two quarters

**[00:01:52]** ago to roughly 30% now which is still

**[00:01:55]** his largest position in fact it's

**[00:01:56]** roughly double the size of the next

**[00:01:58]** largest stake which is Bank of America

**[00:02:00]** at 41.1 billion but this sale certainly

**[00:02:03]** changes the look of the bursha portfolio

**[00:02:06]** moving forward yeah it's pretty crazy he

**[00:02:08]** kept selling in Q2 um surely that's got

**[00:02:10]** to be his biggest selling ever so that's

**[00:02:12]** really the headline of this story but of

**[00:02:14]** course we did see Bera reduced the Apple

**[00:02:16]** position by 13% in q1 so we did know he

**[00:02:20]** was selling Apple but I don't think

**[00:02:21]** anyone anticipated it would continue to

**[00:02:23]** quite this extent at least $50 billion

**[00:02:26]** in one quarter that's really something

**[00:02:29]** so now the question is well why is he

**[00:02:31]** selling and this is where things start

**[00:02:33]** getting really interesting and you guys

**[00:02:35]** might remember when I was over in Omaha

**[00:02:37]** covering the bir hathway meeting I made

**[00:02:39]** a video on exactly that because

**[00:02:41]** listening to him live I remember he

**[00:02:42]** actually took a good amount of time in

**[00:02:44]** the meeting itself explaining his

**[00:02:47]** decision to start selling and

**[00:02:49]** coincidentally that entire America trip

**[00:02:51]** was made possible by morning brew and

**[00:02:53]** they've been super generous to agree to

**[00:02:55]** sponsor this birkshire update as well I

**[00:02:58]** know a lot of you guys already use

**[00:02:59]** morning Brew but if you haven't heard of

**[00:03:00]** it they provide a completely free

**[00:03:02]** newsletter sent straight to your inbox

**[00:03:04]** every day and they cover all the big

**[00:03:05]** headlines in the world of business and

**[00:03:07]** explains how it affects your work and

**[00:03:09]** your day-to-day life it's usually less

**[00:03:11]** than a 5 minute read which is great for

**[00:03:13]** me on the tram into work and the reason

**[00:03:15]** I keep coming back to read the

**[00:03:16]** newsletter is because it's actually

**[00:03:17]** presented in a really laid-back

**[00:03:19]** entertaining way it's a gem of a

**[00:03:21]** resource so I definitely encourage you

**[00:03:22]** to join the over 4 million professionals

**[00:03:25]** that already use morning Brew it's

**[00:03:27]** completely free and it takes less than

**[00:03:28]** 10 seconds to sign up so if you're

**[00:03:30]** interested sign up to morning Brew today

**[00:03:32]** by clicking the link in the description

**[00:03:33]** or the pinned comment but with that said

**[00:03:35]** let's dive into exactly why Buffett has

**[00:03:37]** decided to unload a heap of Apple shares

**[00:03:39]** and what's interesting about this story

**[00:03:41]** is that Buffett's reasoning is really

**[00:03:44]** unexpected and tells you a lot about

**[00:03:46]** where he thinks both the stock market

**[00:03:48]** and the economy are headed one thing

**[00:03:50]** that may surprise you we don't mind

**[00:03:53]** paying taxes at Berkshire we are paying

**[00:03:56]** a 21% federal rate let the gains taking

**[00:04:01]** in uh apple and that rate was 35% not

**[00:04:05]** that long ago and it's been 52% in the

**[00:04:08]** in the past the federal government owns

**[00:04:11]** a part of the earnings of the business

**[00:04:14]** we make they don't own the assets but

**[00:04:17]** they own a percentage of the

**[00:04:19]** earnings and uh they can change that

**[00:04:22]** percentage any year and the percentage

**[00:04:25]** that they've decreed currently is 211%

**[00:04:28]** and I would say with the present fiscal

**[00:04:31]** policies I think that something has to

**[00:04:33]** give and I think that higher taxes are

**[00:04:37]** quite likely and the government wants to

**[00:04:39]** take a greater share of your income or

**[00:04:42]** mine or bures they can do it and uh they

**[00:04:45]** may decide that someday they don't want

**[00:04:48]** the fiscal deficit to be this large

**[00:04:50]** because that has some important

**[00:04:52]** consequences and they may not want to

**[00:04:54]** decrease spending a lot and they may

**[00:04:55]** decide they'll take a larger percentage

**[00:04:58]** of what we earn

**[00:05:00]** and we'll pay it I would really hope

**[00:05:03]** with all the America is done for all of

**[00:05:04]** you shouldn't bother you that we do it

**[00:05:07]** and if if I'm doing it at 21% this year

**[00:05:10]** and we're doing it at a higher

**[00:05:12]** percentage later on I don't think you'll

**[00:05:14]** actually mind the the fact that uh we

**[00:05:17]** sold a little apple this year now

**[00:05:20]** there's a lot to unpack from this

**[00:05:21]** explanation from Buffett but the main

**[00:05:23]** reason he's locking in profits from his

**[00:05:24]** Apple position is because of what he

**[00:05:26]** thinks the future will look like from a

**[00:05:28]** fiscal perspective and this tells us two

**[00:05:30]** pieces of information one Warren

**[00:05:33]** Buffett's thoughts on the future of the

**[00:05:34]** United States and two Buffett's thoughts

**[00:05:37]** on the future of Apple stock let's start

**[00:05:40]** with the future of America and from that

**[00:05:41]** clip this is Warren essentially saying

**[00:05:43]** that he sees the US in a major deficit

**[00:05:46]** one that's only predicted to worse in

**[00:05:47]** over time he sees the US debt pile

**[00:05:50]** swelling and the interest expense

**[00:05:51]** growing rapidly and his take is that

**[00:05:54]** when something gives which is inevitable

**[00:05:56]** then it'll be taxes that get raised on

**[00:05:57]** individuals and corporations and he's

**[00:06:00]** got a point currently the corporate tax

**[00:06:01]** rate is 21% that's the lowest that's

**[00:06:03]** been since the 1930s it's been as high

**[00:06:05]** as 52% but it's trended down over recent

**[00:06:08]** history to the 21% level that the tax

**[00:06:10]** cuts and jobs act dropped it to in 2017

**[00:06:13]** and if you look at how much revenue is

**[00:06:14]** collected by the US from corporate taxes

**[00:06:17]** it's a tiny piece of the pie so if the

**[00:06:19]** US really does get serious in reducing

**[00:06:21]** the size of that deficit you can imagine

**[00:06:23]** a fairly easy decision in that process

**[00:06:25]** will be raising the tax rate so Buffett

**[00:06:28]** says he's happy locking in a large

**[00:06:29]** portion of the Apple profits Berkshire

**[00:06:31]** is sitting on so you can pay 21% on

**[00:06:34]** those gains instead of something much

**[00:06:35]** higher later down the track but that

**[00:06:37]** also gives us insight into what Buffett

**[00:06:39]** is expecting in terms of returns over

**[00:06:42]** the next few years because imagine say

**[00:06:44]** the corporate tax rate gets hiked at

**[00:06:45]** some point in the next 5 years by 15%

**[00:06:48]** now if that was to be the case Buffett

**[00:06:50]** is essentially saying that he does not

**[00:06:52]** back Apple stock to be able to outpace

**[00:06:54]** the rate at which the corporate tax rate

**[00:06:56]** will be hiked and in fact he'd prefer to

**[00:06:59]** sell cash in 50 plus billion dollar of

**[00:07:02]** profit and parked that in us treasuries

**[00:07:04]** at around 5% as opposed to continue

**[00:07:06]** holding this stock for the ultra

**[00:07:07]** longterm and this is a very unusual line

**[00:07:11]** of thinking from Buffett because it

**[00:07:12]** immediately makes you think that he

**[00:07:14]** believes Apple's business might have

**[00:07:16]** lost its long-term Growing Power right

**[00:07:19]** the business might have maxed out but

**[00:07:22]** then again in the same meeting he also

**[00:07:24]** says this have you or your investment

**[00:07:26]** manager views of the economics of

**[00:07:28]** Apple's business or its attractiveness

**[00:07:30]** is an investment changed since Berkshire

**[00:07:32]** first invested in

**[00:07:34]** 2016 no but we have sold shares looks at

**[00:07:37]** Common Stocks or marketable equities or

**[00:07:40]** the things that people love to look at

**[00:07:43]** as being businesses when we own a Dairy

**[00:07:46]** Queen or we own whatever it may be we

**[00:07:48]** look at that as a business and when we

**[00:07:50]** own Coca-Cola or American Express or

**[00:07:52]** apple we look at that as a business we

**[00:07:54]** have no way no attempt made to predict

**[00:07:58]** markets we have attempt made to uh pick

**[00:08:02]** stocks and we own Apple which is an even

**[00:08:06]** better business and we will own unless

**[00:08:10]** something really extraordinary happens

**[00:08:12]** we will own apple and American Express

**[00:08:13]** and Coca-Cola when Greg Tak over this

**[00:08:16]** place so this is where things get odd

**[00:08:18]** Buffett is selling massive chunks of

**[00:08:19]** Apple stock but at the same time he says

**[00:08:21]** that his views about Apple's business

**[00:08:23]** haven't changed and in my view this can

**[00:08:26]** only mean one thing and that is his

**[00:08:28]** decision to sell is not a reflection of

**[00:08:30]** the quality of Apple's business rather a

**[00:08:33]** reflection of the valuation of that

**[00:08:35]** wonderful business and you can see that

**[00:08:37]** even just by looking at the PE ratio of

**[00:08:39]** the stock when Buffett first bought into

**[00:08:40]** Apple around 2016 Apple had a PE ratio

**[00:08:43]** of around 12 this means Apple

**[00:08:45]** shareholders were willing to pay 12

**[00:08:47]** times the company's earnings as a stock

**[00:08:49]** price now what's been really interesting

**[00:08:51]** is that over time despite Apple's

**[00:08:53]** earnings Rising as the business becomes

**[00:08:55]** more and more profitable the stock price

**[00:08:57]** has risen far in excess of the rise in

**[00:09:00]** profits this is a phenomenon known as

**[00:09:02]** multiple expansion where investors make

**[00:09:04]** returns in the stock because over time

**[00:09:06]** people are just willing to pay

**[00:09:08]** increasing amounts for the shares above

**[00:09:10]** and beyond earnings growth and as you

**[00:09:12]** can see in the case of Apple the PE

**[00:09:14]** Ratio has blo from 12 back in 2016 to 34

**[00:09:17]** today effectively investors are now

**[00:09:19]** willing to pay almost three times as

**[00:09:21]** much for the same level of earnings and

**[00:09:24]** interestingly this was hinted at by

**[00:09:26]** Buffett during the meeting he said he's

**[00:09:28]** seeing a very pricey stock market at the

**[00:09:30]** moment and combined with the various

**[00:09:32]** economic challenges in the world right

**[00:09:33]** now he actually doesn't mind locking in

**[00:09:35]** those apple profits at a low tax rate

**[00:09:38]** and putting that money into Cash have a

**[00:09:40]** listen but I don't mind at all under

**[00:09:43]** current conditions building the uh cash

**[00:09:47]** position I think when I look at the

**[00:09:49]** alternative of what's available in the

**[00:09:52]** equity markets and I look at the

**[00:09:54]** composition of what's going on in the

**[00:09:56]** world we find it quite attractive he

**[00:09:58]** said that he did this because he didn't

**[00:10:00]** mind building up the the cash horde at

**[00:10:02]** this point because of the environment

**[00:10:04]** that's taking place I guess the economic

**[00:10:06]** environment the stock Outlook I mean I

**[00:10:08]** tried to pull a little more out of him

**[00:10:10]** later with another question and he

**[00:10:11]** didn't bite on it but what are you going

**[00:10:13]** to do with all that cash why do you need

**[00:10:15]** all that cash he says he can't find good

**[00:10:17]** places to put it and that makes you

**[00:10:19]** wonder if he thinks the entire Market's

**[00:10:20]** overvalued and build up that cash pile

**[00:10:23]** he did as Bloomberg notes Warren

**[00:10:25]** Buffett's cash pile is now at a record

**[00:10:27]** 276.50 billion and I should say for

**[00:10:30]** those that don't know when big companies

**[00:10:31]** talk about building up their cash pile A

**[00:10:33]** lot of times you will look and see that

**[00:10:35]** their cash and cash equivalents don't

**[00:10:37]** get any bigger and that's because in

**[00:10:38]** most instances any significant amount of

**[00:10:41]** cash that is kept on the sidelines above

**[00:10:42]** and beyond what the company needs in

**[00:10:44]** their normal operations will usually be

**[00:10:46]** kept in us treasuries so when we look to

**[00:10:49]** berkshire's quarterly filing you can see

**[00:10:51]** that once you add the cash and cash

**[00:10:52]** equivalents from the insurance side and

**[00:10:54]** the railroad and energy side as well as

**[00:10:56]** the short-term investments in US

**[00:10:57]** treasury bills you get the grand total

**[00:10:59]** of 276.50

**[00:11:29]** got a European land war in Ukraine there

**[00:11:31]** are rising tensions between China and

**[00:11:33]** the United States and then on home soil

**[00:11:35]** there's inflation which still hasn't

**[00:11:37]** been fully dealt with interest rates are

**[00:11:38]** at the highest level they've been since

**[00:11:40]** the turn of the century unemployment is

**[00:11:42]** now Rising with lackluster jobs data

**[00:11:44]** released the other day at the same time

**[00:11:46]** the US deficit is getting worse meaning

**[00:11:47]** the debt pile is snowballing and markets

**[00:11:49]** are defying macroeconomic logic rising

**[00:11:52]** to new all-time highs on a technology

**[00:11:54]** that is generating next to no revenues

**[00:11:56]** for any company besides Nvidia and and I

**[00:11:59]** think Buffett is simply looking at that

**[00:12:01]** situation and saying you know what it's

**[00:12:03]** probably not the worst idea to have a

**[00:12:05]** big cash buffer at this time especially

**[00:12:07]** at a time where holding cash isn't quite

**[00:12:10]** as punishing the one-month US Treasury

**[00:12:12]** yield is currently

**[00:12:13]** 5.35% which certainly isn't as punishing

**[00:12:15]** as a few years ago when treasuries were

**[00:12:17]** yielding effectively zero cash is no

**[00:12:21]** longer trash so that's the lowdown on

**[00:12:24]** Buffett's huge reduction in Apple stock

**[00:12:26]** as always I do want to remind you that

**[00:12:27]** if you want to learn the Buffett Str in

**[00:12:29]** a step-by-step manner including the

**[00:12:31]** four-pillar method if you want to be

**[00:12:32]** guided through Reading financial

**[00:12:33]** statements understanding what you need

**[00:12:35]** to know and learning how to find

**[00:12:36]** intrinsic value through three different

**[00:12:38]** valuation methods definitely check out

**[00:12:40]** introduction to stock analysis over on

**[00:12:41]** new money education that is linked in

**[00:12:43]** the description you can also sign up

**[00:12:45]** today with the code save50 and you'll

**[00:12:47]** save $50 but with that said guys thanks

**[00:12:49]** very much for watching and I'll see you

**[00:12:51]** guys in the next one

**[00:12:55]** [Music]

**[00:13:01]** [Music]

# Full Text (without timestamps)

did you see the news I'll send you the link oh wow he sold a lot of stock Warren Buffett the best investor that has ever lived is currently selling massive chunks of his portfolio Berkshire heway released their quarterly earnings report just a few days ago and if you browse through the balance sheet you can see something is definitely going on if we zoom in and have a look at their stock and bond Holdings coming into the quarter on the 31st of March 2024 Burkshire had $153.4 billion sitting in short-term US government bonds and had a stock portfolio worth 335 5.8 billion just looking at those two lines Buffett was in 31% government bonds and 69% stocks but now take a look at bur's posted results just 3 months later on the 30th of June 2024 burshire held a whopping $234.66 billion more than 3 months prior and where did this money come from it came almost entirely from their investments in stocks on June the 30th Burkshire had reduced their stock Holdings from 3358 billion to 284.5 billion this means in one quarter he sold at least $51 billion worth of shares out of the burshire portfolio and in fact once you account for the $23.9 billion worth of reported stock gains in the second quarter it actually means he sold around 75.5 billion of Securities in one quarter alone so the question is what did he sell and why and as some of you Keen followers might have already guessed the biggest change to to the portfolio came from him selling just one stock and that stock was Apple as you can see from further down in the report last quarter Burkshire held $ 135.4 billion worth of Apple stock and now that number sits at just 84.2 billion a reduction of 51.2 billion this takes Apple from a whopping 50% of the bursh portfolio two quarters ago to roughly 30% now which is still his largest position in fact it's roughly double the size of the next largest stake which is Bank of America at 41.1 billion but this sale certainly changes the look of the bursha portfolio moving forward yeah it's pretty crazy he kept selling in Q2 um surely that's got to be his biggest selling ever so that's really the headline of this story but of course we did see Bera reduced the Apple position by 13% in q1 so we did know he was selling Apple but I don't think anyone anticipated it would continue to quite this extent at least $50 billion in one quarter that's really something so now the question is well why is he selling and this is where things start getting really interesting and you guys might remember when I was over in Omaha covering the bir hathway meeting I made a video on exactly that because listening to him live I remember he actually took a good amount of time in the meeting itself explaining his decision to start selling and coincidentally that entire America trip was made possible by morning brew and they've been super generous to agree to sponsor this birkshire update as well I know a lot of you guys already use morning Brew but if you haven't heard of it they provide a completely free newsletter sent straight to your inbox every day and they cover all the big headlines in the world of business and explains how it affects your work and your day-to-day life it's usually less than a 5 minute read which is great for me on the tram into work and the reason I keep coming back to read the newsletter is because it's actually presented in a really laid-back entertaining way it's a gem of a resource so I definitely encourage you to join the over 4 million professionals that already use morning Brew it's completely free and it takes less than 10 seconds to sign up so if you're interested sign up to morning Brew today by clicking the link in the description or the pinned comment but with that said let's dive into exactly why Buffett has decided to unload a heap of Apple shares and what's interesting about this story is that Buffett's reasoning is really unexpected and tells you a lot about where he thinks both the stock market and the economy are headed one thing that may surprise you we don't mind paying taxes at Berkshire we are paying a 21% federal rate let the gains taking in uh apple and that rate was 35% not that long ago and it's been 52% in the in the past the federal government owns a part of the earnings of the business we make they don't own the assets but they own a percentage of the earnings and uh they can change that percentage any year and the percentage that they've decreed currently is 211% and I would say with the present fiscal policies I think that something has to give and I think that higher taxes are quite likely and the government wants to take a greater share of your income or mine or bures they can do it and uh they may decide that someday they don't want the fiscal deficit to be this large because that has some important consequences and they may not want to decrease spending a lot and they may decide they'll take a larger percentage of what we earn and we'll pay it I would really hope with all the America is done for all of you shouldn't bother you that we do it and if if I'm doing it at 21% this year and we're doing it at a higher percentage later on I don't think you'll actually mind the the fact that uh we sold a little apple this year now there's a lot to unpack from this explanation from Buffett but the main reason he's locking in profits from his Apple position is because of what he thinks the future will look like from a fiscal perspective and this tells us two pieces of information one Warren Buffett's thoughts on the future of the United States and two Buffett's thoughts on the future of Apple stock let's start with the future of America and from that clip this is Warren essentially saying that he sees the US in a major deficit one that's only predicted to worse in over time he sees the US debt pile swelling and the interest expense growing rapidly and his take is that when something gives which is inevitable then it'll be taxes that get raised on individuals and corporations and he's got a point currently the corporate tax rate is 21% that's the lowest that's been since the 1930s it's been as high as 52% but it's trended down over recent history to the 21% level that the tax cuts and jobs act dropped it to in 2017 and if you look at how much revenue is collected by the US from corporate taxes it's a tiny piece of the pie so if the US really does get serious in reducing the size of that deficit you can imagine a fairly easy decision in that process will be raising the tax rate so Buffett says he's happy locking in a large portion of the Apple profits Berkshire is sitting on so you can pay 21% on those gains instead of something much higher later down the track but that also gives us insight into what Buffett is expecting in terms of returns over the next few years because imagine say the corporate tax rate gets hiked at some point in the next 5 years by 15% now if that was to be the case Buffett is essentially saying that he does not back Apple stock to be able to outpace the rate at which the corporate tax rate will be hiked and in fact he'd prefer to sell cash in 50 plus billion dollar of profit and parked that in us treasuries at around 5% as opposed to continue holding this stock for the ultra longterm and this is a very unusual line of thinking from Buffett because it immediately makes you think that he believes Apple's business might have lost its long-term Growing Power right the business might have maxed out but then again in the same meeting he also says this have you or your investment manager views of the economics of Apple's business or its attractiveness is an investment changed since Berkshire first invested in 2016 no but we have sold shares looks at Common Stocks or marketable equities or the things that people love to look at as being businesses when we own a Dairy Queen or we own whatever it may be we look at that as a business and when we own Coca-Cola or American Express or apple we look at that as a business we have no way no attempt made to predict markets we have attempt made to uh pick stocks and we own Apple which is an even better business and we will own unless something really extraordinary happens we will own apple and American Express and Coca-Cola when Greg Tak over this place so this is where things get odd Buffett is selling massive chunks of Apple stock but at the same time he says that his views about Apple's business haven't changed and in my view this can only mean one thing and that is his decision to sell is not a reflection of the quality of Apple's business rather a reflection of the valuation of that wonderful business and you can see that even just by looking at the PE ratio of the stock when Buffett first bought into Apple around 2016 Apple had a PE ratio of around 12 this means Apple shareholders were willing to pay 12 times the company's earnings as a stock price now what's been really interesting is that over time despite Apple's earnings Rising as the business becomes more and more profitable the stock price has risen far in excess of the rise in profits this is a phenomenon known as multiple expansion where investors make returns in the stock because over time people are just willing to pay increasing amounts for the shares above and beyond earnings growth and as you can see in the case of Apple the PE Ratio has blo from 12 back in 2016 to 34 today effectively investors are now willing to pay almost three times as much for the same level of earnings and interestingly this was hinted at by Buffett during the meeting he said he's seeing a very pricey stock market at the moment and combined with the various economic challenges in the world right now he actually doesn't mind locking in those apple profits at a low tax rate and putting that money into Cash have a listen but I don't mind at all under current conditions building the uh cash position I think when I look at the alternative of what's available in the equity markets and I look at the composition of what's going on in the world we find it quite attractive he said that he did this because he didn't mind building up the the cash horde at this point because of the environment that's taking place I guess the economic environment the stock Outlook I mean I tried to pull a little more out of him later with another question and he didn't bite on it but what are you going to do with all that cash why do you need all that cash he says he can't find good places to put it and that makes you wonder if he thinks the entire Market's overvalued and build up that cash pile he did as Bloomberg notes Warren Buffett's cash pile is now at a record 276.50 billion and I should say for those that don't know when big companies talk about building up their cash pile A lot of times you will look and see that their cash and cash equivalents don't get any bigger and that's because in most instances any significant amount of cash that is kept on the sidelines above and beyond what the company needs in their normal operations will usually be kept in us treasuries so when we look to berkshire's quarterly filing you can see that once you add the cash and cash equivalents from the insurance side and the railroad and energy side as well as the short-term investments in US treasury bills you get the grand total of 276.50 got a European land war in Ukraine there are rising tensions between China and the United States and then on home soil there's inflation which still hasn't been fully dealt with interest rates are at the highest level they've been since the turn of the century unemployment is now Rising with lackluster jobs data released the other day at the same time the US deficit is getting worse meaning the debt pile is snowballing and markets are defying macroeconomic logic rising to new all-time highs on a technology that is generating next to no revenues for any company besides Nvidia and and I think Buffett is simply looking at that situation and saying you know what it's probably not the worst idea to have a big cash buffer at this time especially at a time where holding cash isn't quite as punishing the one-month US Treasury yield is currently 5.35% which certainly isn't as punishing as a few years ago when treasuries were yielding effectively zero cash is no longer trash so that's the lowdown on Buffett's huge reduction in Apple stock as always I do want to remind you that if you want to learn the Buffett Str in a step-by-step manner including the four-pillar method if you want to be guided through Reading financial statements understanding what you need to know and learning how to find intrinsic value through three different valuation methods definitely check out introduction to stock analysis over on new money education that is linked in the description you can also sign up today with the code save50 and you'll save $50 but with that said guys thanks very much for watching and I'll see you guys in the next one [Music] [Music]