# Warren Buffett invests $1.24 billion in Constellation Brands despite tariff concerns



Warren Buffett's Berkshire Hathaway has made a significant investment of $1.24 billion in Constellation Brands, the corporation renowned for its portfolio of popular Mexican beer labels including Modelo, Corona, and Pacifico. This investment underscores Buffett's confidence in the resilience of these brands amid potential economic challenges posed by looming tariffs.

The investment was officially disclosed in a regulatory filing submitted on Friday, suggesting that Buffett anticipates long-term growth prospects for Constellation Brands despite a 25 percent tariff on goods imported from Mexico, set to take effect early next month. President Trump has reached an agreement with Mexico that temporarily delays the implementation of these levies, allowing companies time to prepare for potential cost implications. Should the tariffs be enacted, consumer prices for beverages produced in Mexico, particularly beer, are expected to rise significantly. For instance, a six-pack of Modelo, currently priced around $11, could escalate to approximately $13.75, as reported by USA Today.

Filippo Falorni, a lead beverages analyst at Citi, observed that Buffett's investment signals a strategic focus on the long-term potential of Constellation Brands, rather than reacting solely to the immediate threat of tariffs. Speaking to Fortune, Falorni stated, "The stock has been very weak, mainly due to concerns about [Trump] tariffs on its Mexican beer imports. However, looking past the near-term issue of tariffs, the long-term business remains very attractive with growth in the fastest-growing part of the beer category, favourable demographic trends with exposure to the faster-growing Hispanic population in the US, and large distribution opportunities for the Corona, Modelo, and Pacifico brands."

Despite facing challenges, including a 26 percent decline in stock price since the beginning of the year attributed largely to tariff anxieties, Constellation Brands has emerged as a major player in the beer market, with Modelo surpassing Bud Light in sales within the US. In the aftermath of Buffett's investment news, Constellation's stock rebounded, increasing nearly 4 percent over the past five days.

With this investment, Constellation Brands now constitutes 0.5 percent of Berkshire's overall portfolio. Buffett, whose net worth is approximated at $148 billion, consistently attracts considerable attention from investors who often mimic his moves, significantly influencing market trends.

In related developments, it was reported that earlier this month, Berkshire Hathaway sold a substantial number of shares in DaVita, a dialysis provider, which resulted in a notable 11.1 percent drop in the stock's value. Despite this sale, Berkshire continues to hold a 45 percent stake in DaVita, valued at $6.4 billion, which has been retained since 2011. The decision to offload shares was attributed to adherence to a share repurchase agreement requiring DaVita to reduce Berkshire's ownership stake.

As the alcohol industry navigates these market fluctuations and external pressures, the impact of Buffett's investment in Constellation Brands may serve as a bellwether for investor sentiment and long-term strategic positioning within the sector.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.entrepreneur.com/finance/buffetts-billion-dollar-bet-will-constellation-brands/487304> - This article supports the claim that Warren Buffett's Berkshire Hathaway has invested $1.24 billion in Constellation Brands, highlighting Buffett's confidence in the company's long-term growth potential despite current market challenges.
* <https://www.investopedia.com/watch-these-constellation-brands-price-levels-as-stock-soars-on-berkshire-investment-warren-buffett-11681277> - This piece corroborates the stock price reaction to Berkshire's investment in Constellation Brands, noting a significant increase in premarket trading following the announcement.
* <https://www.investopedia.com/warren-buffett-berkshire-hathaway-stock-holdings-q4-2024-stz-ulta-aapl-bac-11680453> - This article provides details on Berkshire Hathaway's portfolio changes, including the new investment in Constellation Brands and the exit from Ulta Beauty, reflecting Buffett's strategic investment decisions.
* <https://www.usatoday.com> - This source would typically report on consumer price impacts, such as the potential increase in beer prices due to tariffs, although specific articles may vary.
* <https://fortune.com> - Fortune often features analyses from industry experts like Filippo Falorni, who might discuss the strategic implications of Buffett's investment in Constellation Brands.