



It's Not too Late to Bet on a Grexit With Canada's Top Gold Producers

Description

Greece has been in the headlines for years, but this time you really need to pay attention. The country is more likely than not to exit the Eurozone, which could have drastic consequences. A so-called Grexit would not only be devastating for the people of Greece, but also for Europe as a whole, and would even be felt across the globe.

So, investors should be very nervous. But what should they do?

It's time to bet on the U.S. dollar

A Grexit would be very positive for the U.S. dollar for a few reasons. Most importantly, investors would not want to hold euros, and would prefer to hold a safer currency like the U.S. dollar. Thus, the U.S. dollar would gain in value as these people buy it.

Secondly, any problems in Europe would likely decrease oil demand, resulting, of course, in lower oil prices. This historically has also been a bullish sign for the U.S. dollar.

So, what's the best way to bet on the U.S. dollar? Well, you can simply buy U.S.-listed stocks. This doesn't necessarily mean abandoning Canadian companies—after all, most of our top firms have an American listing too. For example, **Yamana Gold Inc.** ([TSX:YRI](#))([NYSE:AUY](#)) has a listing on the New York Stock Exchange.

And speaking of companies like Yamana...

You shouldn't be afraid of gold

Gold prices have not been strong in recent years, and there are worries about what effect a strong greenback will have.

Understandably, a lot of people are pessimistic. A strong U.S. dollar is usually negative for gold prices. But we could easily see a big exception this time.

A strong U.S. dollar would not be good for the American economy. Exporters would suffer the most, and companies may relocate overseas to cut costs. Jobs would then be lost. In response, the Federal Reserve would hold back on raising interest rates. And that would be very good for gold prices.

What should you buy?

Luckily, lots of Canada's top gold companies have U.S.-listed shares. Investors should look at names like **Barrick Gold Corp.** ([TSX:ABX](#))([NYSE:ABX](#)), **Kinross Gold Corporation** ([TSX:K](#))([NYSE:KGC](#)), and Yamana.

These companies have all seen better days. Barrick and Kinross both made disastrous acquisitions in Africa. All three have suffered in South America. All have big debt loads.

But rising gold prices can cure all ailments for these companies, and if things go right, then these stocks could easily take off. It's still not too late to make that bet.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. NYSE:B (Barrick Mining)
3. NYSE:KGC (Kinross Gold Corporation)
4. TSX:ABX (Barrick Mining)
5. TSX:K (Kinross Gold Corporation)
6. TSX:YRI (Yamana Gold)

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