



## Defensive Investors: Has Gold Finally Lost its Shine?

### Description

With the metals and mining sector in an unsettled state, should investors still be snapping up gold stocks as their go-to defensive standard? While metals such as palladium were down on auto bearishness, gold was similarly taking a hit at the start of the week, thanks in part to a weakened tech sector and stronger U.S. dollar. Today, we'll take a look at two of the most-watched affected stocks on the TSX index.

### Newmont Goldcorp ([TSX:NGT](#))([NYSE:NEM](#))

Gold is failing to rally the way enthusiasts of the yellow stuff had expected — and hoped — that it would this week. After all, this is a commodity that is essentially untethered to other asset classes, which is what gives it its defensive lustre during hard times. Still, there is at least some upward movement in the sector, with gold continuing to offer some investors the necessary respite from more turbulent sectors.

Up 1.19% in the last five days as of Wednesday, [Newmont Goldcorp's](#) gains are likely to continue, though the newly forged Newmont Goldcorp is showing some unexpected volatility in its share price, which is not exactly what one looks for in a gold stock. Nevertheless, this is a desirable mining stock, with a +40% expected earnings growth over the next few years and 1.77% dividend yield combining to make a solid addition to a passive-income portfolio.

### Barrick Gold ([TSX:ABX](#))([NYSE:GOLD](#))

Having dropped at the start of the week, the dip is starting to narrow out, though [Barrick Gold's](#) share price still traded down an average of 0.81% in the last five days. Normally a go-to stock when spooked investors flock towards safe-haven assets, Barrick Gold is still an attractive choice, with a dividend yield of 1.36% on the table, and an estimated 25% growth in earnings over the next three years.

Flying to quality in times of uncertainty is a classic play, and yet fear is failing to drive gold stocks as high and as fast as might have been expected given the current plethora of market stressors. Indeed,

at the start of the week, somewhat depressed gold prices confounded some pundits bullish on the metals and mining sector and had them calling for a migration towards classically safe investments.

However, this is starting to turn around, with gold now up two consecutive days at the time of writing, though not by a wide margin; Barrick Gold's share price should theoretically follow suit. The narrative doing the rounds is that investors are reacting to the ongoing trade spat between China and the U.S., with the prospect of a dispute over rare earth metals putting extra pressure on the markets and driving up defensive commodities.

## The bottom line

While gold continues to grind along, the two stocks above become ever more attractive value opportunities for TSX index investors bullish on the yellow stuff. While some pundits are beginning to proclaim that Bitcoin is more defensive now than gold, the fact remains that gold, uncorrelated with more volatile classes of assets, will likely to continue to be the *de facto* currency of defensive investors for some time to come.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:NEM (Newmont Mining Corporation)
3. TSX:ABX (Barrick Mining)
4. TSX:NGT (Newmont Mining Corporation)

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