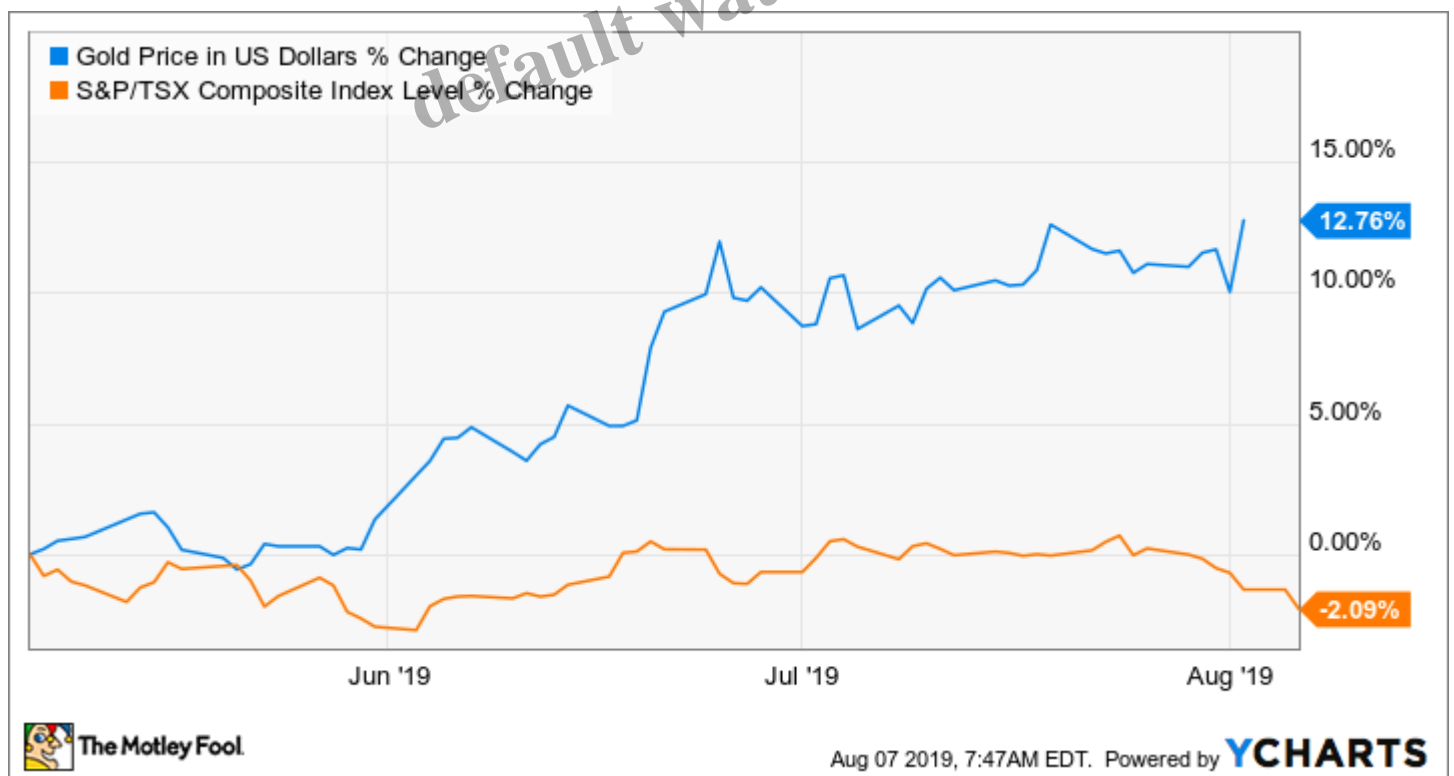




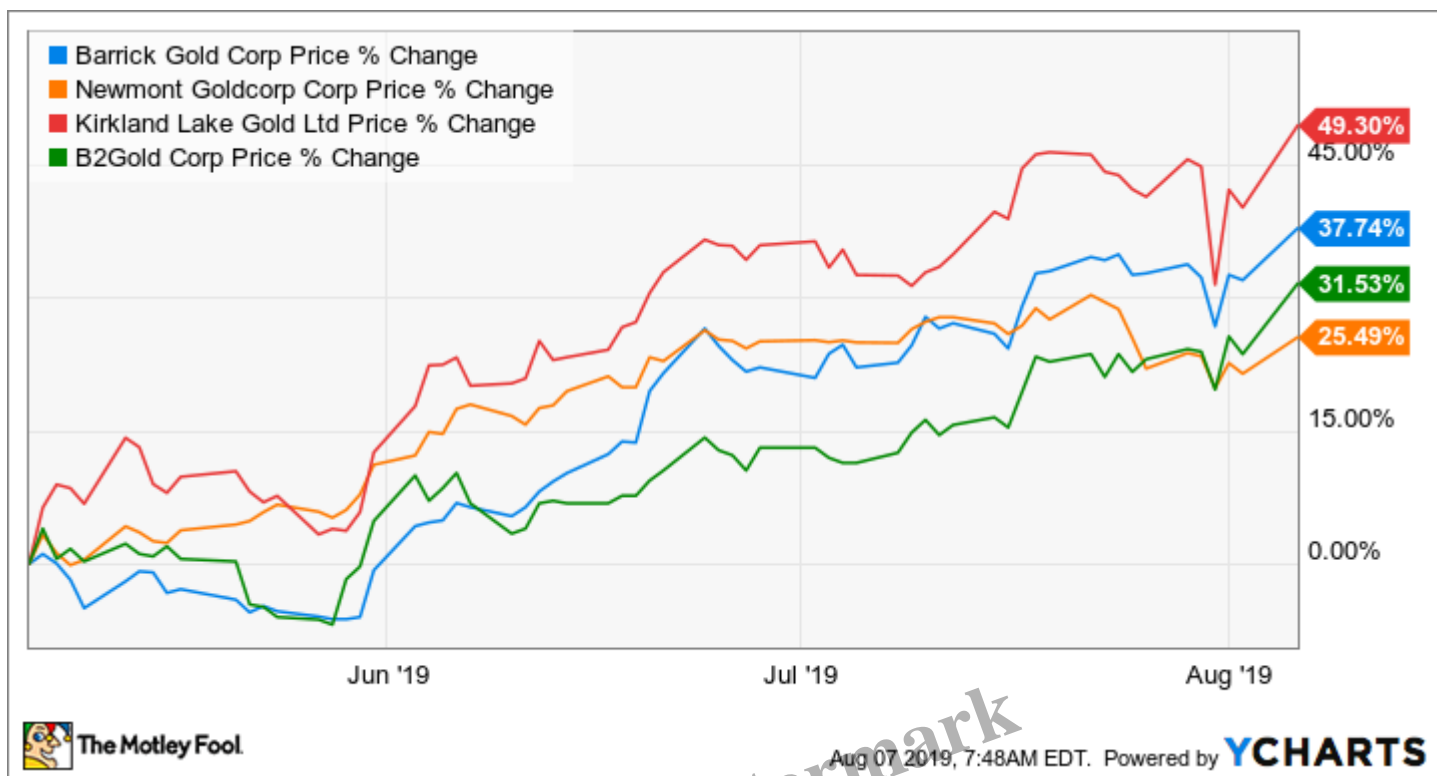
2 Charts That Show Why Now Could Be a Great Time to Buy Gold Stocks

Description

If there's one consistent pattern that's been evident while the markets have been in a bit of a tailspin lately, it's that gold prices could offer some safety for investors in times of turmoil. Although the price of gold and the TSX have both seen similar increases this year, in the past three months, there's been evidence of some growing divergence:



With concerns surrounding trade and the problems relating to China and the U.S. simply not going away, it has become apparent that investors are looking for a safer haven — gold. And so it might come as no surprise that gold stocks have also been doing very well:



Those are some impressive performances in a short amount of time, especially with the markets as a whole not looking very strong. How long we'll see gold rally for is anyone's guess, but my bet would be that as long as the U.S. and China are facing off against one another, there could be a run on gold and gold stocks.

Gold has, over the course of history, been synonymous with stability, and that's something that's lacking in the markets these days. Being able to predict where gold will move, however, is no small task, as even geopolitical issues and conflicts [haven't really shown much of a relationship with higher gold prices](#), as there are many variables that can have an impact on the commodity.

Should investors include gold stocks in their portfolios?

Given how well gold stocks have been doing lately, it may not be a bad idea for investors to add them to their portfolios if for no other reason than to add some diversification. If you've got tech stocks that have been struggling, having a stock like **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) could be a great way to help balance things out.

Barrick is one of the largest stocks on the TSX with a market cap of around \$40 billion. The challenge for the stock has been in being able to post a profit, as in three of its past four quarters, the company has failed to reach breakeven.

However, with a stronger price of gold, Barrick could have some stronger results coming down the pipe, as more revenue will help cover its operating expenses and overhead. Unfortunately, for Barrick investors, the company's performance in recent years has been volatile and largely inconsistent and short-term gains may not translate into long-term success.

Is Barrick a good short-term play?

From a company perspective, Barrick may not be an ideal investment, at least, not for the long term. Despite the recent [rally](#) we've seen from the stock, in five years, its returns have been much more modest, rising around 13%. But if you're an active investor and are willing to modify your portfolio based on market conditions, then Barrick, despite its challenges, could be an appealing stock to hold onto for the time being.

When markets begin to stabilize and the appetite for gold stocks starts to wane, it might be a good time to re-evaluate and perhaps adjust your portfolio at that point in time. While Barrick may not be an ideal value buy or a great growth option, strategically, it could be a good way to buy into the latest gold rally.

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