



## 1 Stock That Can Save Your TFSA in a Recession

### Description

The bloodbath in the bond market has led to a flurry of calls for a recession that will come sooner rather than later. Earlier this month, the Canadian yield curve fell to its lowest level since 2000.

The United States 10-year notes suffered the sharpest yield curve inversion since the lead-up to the 2008 financial crisis.

Investors can expect central banks in the developed world to combat these conditions with further monetary easing. However, policymakers are low on ammunition after nearly a decade of historically low interest rates. It should come as no surprise that investors are piling into gold.

When this year started, I'd recommended that investors [stash gold in their portfolios](#) in preparation for a hectic 2019. In March I reiterated that the yield curve inversion meant that the yellow metal was [poised for another break out](#).

The spot price of gold surged to a six-year high in July, and present conditions mean the sky is the limit.

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is one of the largest gold producers in the world. Like other gold equities, the giant miner has thrived over the past several months. Shares had soared 44.7% over a three-month period as of close on August 13.

Gold equities are a terrific target for investors looking for security in their TFSAs. As a production giant, Barrick stands to win big if gold maintains or exceeds its current price levels.

The company released its second quarter 2019 results on August 12. It posted earnings of \$0.11 per share, which just missed analyst estimates. Revenue shot up 20.6% year over year to \$2.06 billion.

An increase in gold production contributed to 27% revenue growth as Barrick reported production of 1.53 million ounces in Q2 2019.

Barrick only reported a 0.3% increase in the average realized gold price to \$1,317 per ounce. Investors can expect an uptick in the back half of 2019 if the spot price can maintain a decent floor.

The company is forecasting gold production in the upper end of its guidance range of 5.1 million to 5.6 million ounces. Shares had a P/E ratio of 6.9 at the time of this writing. The stock had an RSI of 68, putting it just outside of technically overbought territory in mid- August.

Similar to most gold equities, Barrick is going to be dependent upon the spot price into the final months of this year. Rate cuts are on tap for most central banks in the developed world, so we can expect some solid tailwinds for the yellow metal in that regard.

We are seeing the early signs of a currency war, which will increase demand for havens like gold.

The summer rally for gold has been impressive, but bullish signs still abound. That is why Barrick is well worth stashing in your TFSA as a hedge against market turbulence.

## **CATEGORY**

1. Investing
2. Metals and Mining Stocks

## **TICKERS GLOBAL**

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

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