



Here's a Safe Haven Stock to Own in a Bear Market

Description

For those of us who are worried about the growing possibility of a bear market, [finding the best stocks to own in a bear market](#) is our most important task right now.

The warning signs keep mounting and the tensions keep rising. From trade wars and rising geopolitical risks, to record low interest rates and record high debt levels, there's reason to worry that a bear market will be upon us in the near future.

Gold and gold stocks are the [classic safe haven in a bear market](#). Gold holds its value, gold is not impacted by inflation, and gold is negatively correlated with the stock market. Thus, if you think we're in for a bear market, it would be wise to bulk up on gold stocks for their negative correlation with the stock market.

There are many gold stocks to choose from that can serve this purpose. In this article, I would like to highlight \$12.2 billion **Kirkland Lake Gold Ltd.** (TSX:KL)(NYSE:KL), a gold company that has excelled in the last few years and that can be expected to thrive as gold continues to rally higher.

Gold prices — and profitability — are rising fast

Let's start with a quick review of gold prices. In late 2011, gold prices peaked at close to \$1,900 per ounce, and then proceeded to retreat steadily to levels of just over \$1,000 per ounce at the end of 2015. Today, the price of gold is at approximately \$1,500 per ounce.

Since the 2011 highs, gold prices have fallen 21%, but since 2015 lows, gold has risen more than 40%. Today, gold is still in an upward trend, and some analysts are predicting that it will easily surpass the \$2,000 mark in the short term.

When the U.S. dollar falls, gold rises. Consumer confidence in the U.S. is waning, interest rates cut are expected and the U.S. dollar has been under pressure recently.

With this macro background, gold stocks like Kirkland Lake Gold are soaring, with a three-year return

of 591% and a one-year return of 125%.

Kirkland Lake Gold shines on all fronts

Operating in Canada and Australia, Kirkland Lake Gold has one of the safest political risk profiles in the gold sector and the mining sector in general.

Kirkland's Macassa mine, located in the town of Kirkland Lake just north of Toronto, accounts for approximately 30% of total production, is one of the highest gold grade mines in the world.

Production in this mine, which is supported by well-developed infrastructure that includes a provincial highway, a railway system and a private airport, has increased significantly in the last five years. Having the infrastructure in place helps make this a low risk, low-cost mine.

In Australia, Kirkland's biggest mine representing approximately 47% of the company's total production, is a high-grade, low cost underground mine located in the State of Victoria. This top-quality mine is seeing growing production at increasingly higher grades with strong exploration potential.

Declining costs, soaring cash flows, and future dividend increases will support this stock as it continues to benefit from rising gold prices.

Foolish bottom line

Kirkland Lake Gold stock is a safe gold stock to buy for exposure to a safe haven investment, gold. If a bear market is coming, this stock and its shareholders will not only benefit from its negative correlation with the market, but will also continue to benefit from its operational excellence and its growing dividend and free cash flow profile.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

Date

2025/09/12

Date Created

2019/11/03

Author

karenjennifer

default watermark

default watermark