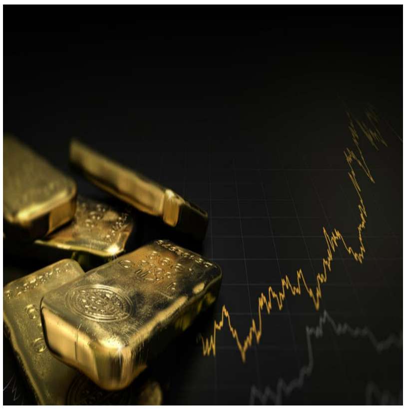

Buy This 1 Dividend Gold Stock to Safeguard Your TFSA

Description

Analysts were already bullish on a gold run in 2020, but the events of the last few weeks have nudged gold prices to plus-six-year heights. Not even a month into the new year, the uncertainty roiling the markets is hitting an unusual level, sending investors scrambling for textbook "safe haven" assets such as precious metals. Silver is also surging with gold, though the gold-silver ratio remains high.

One black swan in particular is driving the rise in gold and silver: The coronavirus. International markets are taking a hit as investors lose their appetite for risk, with the threat of a deepening sell-off increasing as the contagion continues to spread. Fears of a global downturn have returned, with stock markets losing their post-trade war gains.

Investors with broad financial horizons selecting stocks to buy once and hold for the long term will no doubt already have been stripping out risk.

Amid signs of a looming downturn hitting the markets in 2019 – from inverted yield curves to weak international manufacturing data and pervasive lower oil prices – 2020 already finds **TSX** stock investors doubling down on safety.

Time to recession-proof your portfolio

Gold dividend investing has emerged as a mainstream play in its own right, with long-term shareholders benefitting from the safety of quality gold miners combined with passive income.

With mega-miners such as **Newmont Goldcorp** (TSX:NGT)(NYSE:NEM) and **Barrick Gold** also comes the prospect of improved balance sheets on the back of key synergies, divested non-core assets, and the prospect of expansion.

Newmont Goldcorp pays the higher yielding dividends of these two gold giants. Its 1.26% yield, room for growth, and world-class gold assets make it a near-perfect buy for a long position.

Its mix of safety, strength, passive income, and room for improvement make Newmont Goldcorp a solid addition to a Tax-Free Savings Account (TFSA).

One sector that has seen investors steering clear is banking. A cyclical asset type, banks are positively correlated with the economy, and as such don't offer much protection in a recession.

Indeed, with the next bear market likely to be an especially nasty one and Americans predicted to start falling behind on credit card debt servicing at the highest rate in a decade, financials are a key sector to swap out.

Consider swapping out some of those exposed Big Five shares for Newmont Goldcorp. Sitting passively in a buy-and-hold portfolio, this sturdy gold ticker will accumulate wealth for years to come.

With more than enough market stressors gathering, the stock is up by single figures this week. With a 6-7 million annual ounce gold target, Newmont Goldcorp commands a strongly diversified four-continent network of mines.

The bottom line

While tripping out high-end retailers, airlines, and banks may seem reactionary, the trend is heading that way, as the coronavirus continues to impact investor behaviour this week.

For the strictly low-risk Canadian investor, reducing exposure to affected sectors may be a canny play, while increasing access to markets known to be resilient to a downturn, such as diversified, regulated utilities and precious metals.

CATEGORY

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

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1. NYSE:NEM (Newmont Mining Corporation)
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