



TFSA Investors: 1 Gold Stock to Safeguard Your TFSA From a Market Crash

Description

The previous decade was remarkable for investors. By 2019, the stock markets were trading at all-time highs, and things have never been better. With such fantastic performances all around, there was a lot of talk of the economy hitting another recession.

While we did not see the recession hit markets in 2019, analysts are pegging 2020 to be the year it happens. If concerns regarding the global economy were not already enough, a new problem has arisen. Barely a month into the new decade, another wave of uncertainty is hitting the stock markets, and investors are beginning to go into a frenzy.

Here is what you need to know about the developments and a stock that you can consider to safeguard your interests.

Renewed global downturn fears

At the time of writing, the World Health Organization is yet to declare whether or not the recent outbreak should be classified as a worldwide health crisis. The spread of this contagion is increasing, giving [more fuel to the fears of a global downturn](#).

Several stock markets started to gain momentum again after the U.S. and China trade war that took its toll on the global economy. International manufacturing data indicates a general weakness in production activity. Oil prices continue to be volatile. Throwing the coronavirus outbreak into the mix is painting a scary picture.

Protecting your assets

Investors are scrambling to search for the classic safe-haven assets like gold and silver. If you want to double down on safety and safeguard your Tax-Free Savings Account (TFSA) from the effects of a global decline in the economy, you need to take measures.

While you might feel inclined to sell all your investments in the stock market to reinvest that amount in safe-haven assets like gold and silver, I have a better suggestion. Consider re-prioritizing some of the contribution room in your TFSA to invest in gold stocks.

A stock like **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) can be seen as a [viable option for a recession](#). The global market prices during a recession and the value of assets like gold are directly related. Barrick is a gold mining company that you should consider as a defensive measure for your TFSA.

An increase in gold prices can mean Barrick Gold stock will see boosted profit margins. The company is expecting to produce around 5.6 million ounces of gold this year. Sales in 2018 were US\$7.24 billion. Analysts expect the sales to go up to US\$11.16 billion. Analysts expect Barrick's revenue to rise at a rate of 20.5% over the next five years.

Barrick's balance sheet is already substantial due to the recession concerns throughout 2019. With significant revenue and earnings growth expected in 2020, Barrick looks poised to reduce its debt balance. As of this writing, the stock is almost 40% up from its share prices last year. It seems likely to move higher in 2020.

Foolish takeaway

Amid the fears of the stock market crashing, I think it would be better to offer your TFSA a measure of insulation by investing in Barrick Gold stock. Allocating some of the contribution room in your TFSA to shares of the company will allow you to protect your overall wealth and get more accessible exposure to the safe-haven asset without leaving the stock market entirely.

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