



Here's Why Gold Stocks Sold Off This Week and What You Should Do About it

Description

As markets have been selling off rapidly this week, investors may have noticed a lot of the gold stocks have been sold off, too.

Equinox Gold, which had been on a major rally of more than 100% over the last 12 months, was down more than 10% this past week. The exchange-traded fund (ETF) that tracks the industry, **iShares S&P/TSX Global Gold Index ETF**, was down roughly 6% after being up by more than 45% over the last 12 months.

So, how can gold be selling off if it's supposed to be a safe-haven investment?

The answer is not exactly clear; however, it's normal for gold to be sold off early in market crashes, as most investors' demand for cash rises; more investors would rather hold cash than some of the equities that they've been holding all these years.

That fear and selling extends to gold stocks, and although there's no telling when gold will eventually rebound, as central banks step in to help their respective economies adding stimulus by increasing the money supply, naturally, the price of gold will begin to rise again, sending these gold stocks on astronomical rallies.

For now, investors should use this opportunity to increase their exposure to gold at these cheaper prices to be better positioned if this correction continues into a major bear market.

One of the top gold stocks to buy today is **Kirkland Lake Gold** (TSX:KL)(NYSE:KL).

Kirkland Lake is one of the biggest and best producers of gold in the world.

When it comes to gold miners, or any commodity producer, for that matter, one of the most important factors in running a successful and profitable business is the costs the company has to get its products out of the ground.

With Kirkland Lake, its costs of production are some of the lowest in the industry, leaving it with major

margins — something that's positive for the company and investors. It's even more opportunistic now, though, as gold's price is poised to inevitably rise as the economy slows, increasing these already massive margins and making them even bigger.

The entire gold mining industry has been consolidating the last little while, and [Kirkland Lake](#) has participated by buying up another high-quality gold company Detour Gold.

The new company is now one of the biggest in the world and one of the best opportunities, especially for investors looking to protect their capital and potentially profit off a likely recession.

The stock was down just 3.4% by Thursday's close, one of the lowest-impacted gold stocks, which shows how confident investors are in Kirkland Lake and how resilient its stock is.

There is no telling when gold may turn around, likely as central banks step in to give economies a boost, which will increase the money supply, making gold worth more.

Whether or not that happens soon will depend on how badly economies are affected, but for now, if you need some gold exposure, use this temporary pullback to buy Kirkland Lake Gold for less than fair value, so it can protect and grow your capital while you weather this new economic storm.

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Author

danieldacosta

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