



## Got \$3,000 to Invest? Buy TSX Gold Stocks

### Description

There are significant concerns when it comes to the state of the economy these days. This has led many to believe that a major recession lies right around the corner. And because **TSX** stocks have had such a massive rally the last few months, many expect another market crash too. The fear from investors over the significant uncertainty has driven demand for safe-haven assets, which is why gold stocks have had such an incredible rally the last few months.

With so many stocks back near their pre-pandemic highs, and with many investors expecting the stock market to crash again, there aren't a tonne of stocks you'll want to buy today.

The only exception is for those investors who are underweight defensive businesses. Investors need to analyze the state of their portfolios often and add defensive stocks if needed.

If you have an adequate amount of defensive businesses, you'll also want to build a considerable cash position. That way, you'll be ready to take advantage of any significant deals, as stocks are rapidly sold off.

Defensive investors with extra cash that are looking for a high-growth investment may want to consider buying a TSX gold stock.

### TSX gold stocks

For most TSX stocks, worsening economic conditions will negatively impact the business's performances going forward. For gold stocks, however, investors can generally expect the opposite.

These days, governments' go-to policy for dealing with economic disasters is to print enough money to offset those issues. What this does is severely increase the value of precious metals — specifically, the price of gold.

Since the middle of March, when many countries around the world, including Canada and the United States, announced major stimulus efforts, gold's price appreciated by nearly 30%.

A 30% move for gold is a massive increase over a year, let alone four months. And with the pandemic ongoing and no end in sight, it's not out of the question that more [stimulus](#) will continue to be needed.

So, I expect gold's rally to continue for some time. Here is a top TSX gold stock you can buy today to take advantage of rapidly rising prices.

## Growing gold stock

The top stock I would recommend is one of my all-time favourites, **Equinox Gold** ([TSX:EQX](#)).

Equinox is a relatively new gold company that just commenced production back in 2018. The rapidly growing gold stock is attractive for several reasons.

First and foremost, it has high-quality operations and reasonably low costs, which give it strong margins. This is crucial for mining companies to keep their costs in line.

Another reason Equinox is so attractive is due to its rapid growth. As I mentioned before, Equinox only began operations in 2018. The company is already on track to reach one million ounces of annual production by 2023.

So, essentially, Equinox is ramping up its production at a time when gold prices are seeing one of its most rapid price increases. This is extremely promising for investors taking a medium- to long-term position.

Another reason that has to do with its growth is the valuation it's receiving from the market. Junior gold companies are almost always seen as higher risk. This means these stocks trade with a lower valuation multiple than some of their larger peers.

This matters for Equinox, because the company has quickly grown from a junior producer to an intermediate producer. So, even without any progress in its business, the gold stock should see an increase to its valuation, as the market rewards it with a higher valuation multiple.

And when you combine these higher valuation multiples with Equinox's increased output, and the rapidly growing price of gold, its shares are poised to continue to see massive price increases.

So far, the run-up in Equinox's share price has been swift, so for investors considering taking a position, I would [buy right now](#).

## Bottom line

There are several high-quality gold stocks for investors to buy on the TSX. However, if you can buy just one, I'd stick with Equinox.

### CATEGORY

1. Coronavirus
2. Investing

## **TICKERS GLOBAL**

1. TSX:EQX (Equinox Gold Corp.)

## **PARTNER-FEEDS**

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## **Author**

danieldacosta

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