



Gold Stocks: Is There a Bubble?

Description

Gold has turned out to be a safe haven during this pandemic. Along with technology, it is another investment that analysts are assessing for a bubble. Many experts are saying that gold is experiencing a bigger bubble than technology.

Investors use gold to hedge against market volatility and inflation. The pandemic and resulting market chaos have quickly appreciated the market value of the gold commodity and publicly-traded gold stocks. Warren Buffett's **Berkshire Hathaway** has recently invested in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) stock.

The price of gold has now surpassed 10-year highs. At the time of writing, one ounce of gold costs \$1,929. Previously, the price of this commodity reached slightly lower levels around the end of 2011 toward the end of the global financial crisis.

Is there a bubble in gold?

The good news for gold investors is that many central banks around the world are committing themselves to near-zero interest rates to maintain inflation. As a popular hedge against inflation, these policy decisions will likely boost the price of gold.

That said, when talking about the possibility of bubbles in a particular asset, it is crucial to remain calm but cautious. Diversification is the best way to protect your retirement savings from market overvaluations.

In other words, don't scare yourself away from the possibility of a bubble in a particular asset. Instead, focus on whether your retirement portfolio is appropriately diversified and if you have enough cash set aside for emergencies.

Barrick Gold

[Barrick Gold](#) stock is highly rated among professionals in this market environment. Without a doubt, Warren Buffett and Berkshire Hathaway probably have good sense to invest a portion of their cash in this stock.

Warren Buffett's enterprise has an enormous amount of responsibility based on the quantity of cash under management. While Warren Buffett hasn't typically been a huge fan of gold stocks, he and his management team probably understand the importance of gold in an investment portfolio.

While you shouldn't throw all your money into gold assets, having a portion of your retirement savings in gold is a good idea. Thus, Barrick Gold stock is probably one of your best options in this space other than holding the actual asset.

Invest in market winners and losers

The stock market has its ups and downs. Winning stocks today can easily become losers tomorrow. The opposite is also true.

There are many top name companies out there selling for less than their long-term value due to the pandemic. If there *is* a bubble in assets like technology stocks and gold, then your best bet is to overcome your fear of some of these dependable brands and start buying shares in underpriced stocks today.

You don't need a crystal ball to predict that the pandemic's effects will subside within the next year or so. Airlines are not going to become extinct short of teleportation equipment. As far as I know, major technology companies are a far cry away from making this a reality.

The same goes for the financial sector. Bank stocks have their ups and downs just like any other asset. The only way to make money in the stock market is to [buy low](#) and sell high. That means shaking off the fear of losing money and taking a risk sometimes.

The trick is to do it slowly and diversify so that your gains outweigh your losses. The point is that there is risk in investing in all areas of the market right now. Don't let that stop you from reaching your retirement goals. Go for it. Just invest with caution.

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