



3 Reasons to Invest in Gold in 2020

Description

The world is in the midst of a devastating pandemic. These are uncertain times, and people are cautious. In this environment, investors need to be conservative. To minimize risk, most investors tend to invest in assets that are considered safe, particularly gold.

Here are three reasons why wealthy billionaires and sophisticated investors are betting on the yellow metal, and why you should consider it, too.

Gold is a safe haven

Gold is in the spotlight lately. As mentioned earlier, investors become cautious during uncertain times. And since the yellow metal is typically viewed as a “safe-haven” asset when it comes to investing, the price tends to rise when investors flee for safety.

The price of gold increases during a crisis

The price of gold moves higher when the value of currency moves lower. In other words, gold is inversely correlated against Canadian and U.S. dollars. With both governments printing money and devaluing their currencies lately, gold has been surging upward.

Financial experts believe that the price of gold could continue this surge as the global economy lags. This is a strong indicator that it's a wise move to invest in gold right away.

Billionaires are betting on it

Billionaire hedge fund managers, including Stanley Druckenmiller and Ray Dalio, have added gold to their positions recently. Perhaps the most noteworthy billionaire to toss his hat into the ring recently was Warren Buffett himself.

Buffett's company placed a US\$626 million (CAD\$825 million) bet on Canadian gold miner **Barrick Gold**

(TSX:ABX)(NYSE:GOLD). He now owns [1.3% of the company's outstanding shares](#). This savvy bet on the price of gold can easily be replicated by average investors like us.

Barrick Gold stock

Barrick Gold stock has been range bound since mid-April. That means you can add this stock at nearly the same price as the Oracle of Omaha himself did!

At the moment, the stock is trading at 11.7 times earnings per share and offers a 1% dividend yield. If the price of gold moves higher, as experts predict, Barrick Gold could surge even more. Operational and financial leverage mean this gold miner magnifies the price actions of the underlying commodity.

Barrick Gold's ability to secure new mines and efficiently mine its existing properties is reflected in the stock price. Barrick Gold stock is up 340% in the last five years. That makes it comparable to some of the best growth stocks in the country.

If you're concerned about the economy in the months ahead, keep an eye on this one.

Bottom line

Gold often seems like an outdated investment idea. However, in these unprecedented times, this yellow metal could be the few remaining safe havens. Investors worried about the rapid depreciation of their national currency and the volatility in the rest of the market should consider adding this to their portfolio.

One of the best ways to gain gold exposure could be Barrick Gold stock. The miner's stock price tends to magnify the actions in gold's market price. It's currently trading at a reasonable valuation, offers a mediocre dividend, and is backed by Buffett. Add it to your watch list.

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