



## A Top Gold Stock to Buy if You Fear a Market Crash

### Description

I was pretty surprised when the stock market rallied in the face of last week's [unrest in Washington](#). Maybe I underestimated the strength of this rally. While there's no question that the markets are coming in hot and need a healthy correction, there's really no telling when the next market plunge will be. Genius billionaire investors like Carl Icahn and some brilliant people on the sell-side have rung the alarm bell of late, calling for a "painful" corrections that could be in the cards over the near term.

While I wouldn't rule out a vicious correction happening sometime soon, last week's strength in the face of challenges, I believe, is a sign that this market still has legs. Sure, the stock market looks expensive. We've heard that ad nauseam for months now. In many prior pieces, I've noted that stocks (with the exception of a few bubbles floating around) weren't as expensive as they seemed, given the type of market environment and the massive amounts of liquidity that have yet to be put to work.

Indeed, stocks may be the only game in town in this pandemic-plagued environment. While a considerable amount of momentum has driven up stocks, I still don't think valuations are *that* crazy. At least not yet. Market sentiment doesn't seem as euphoric as during the late 1990s or even the early 2018 melt-up. That said, this rally could still come to a crashing end.

### Be cautious and hedge your bets!

Negative surprises related to mutated variants of COVID-19 could easily send us 10-15% lower in a matter of days. As such, now is not a great time to let your guard down, even as we march closer towards post-pandemic normalcy.

With **Citigroup's** recent 2021 **S&P 500** price target being exceeded on Thursday, investors could be looking at a flat year, potentially depressed by Joe Biden's corporate tax hikes. Even if you take Citigroup's \$3,800 price target as gospel, don't expect a flat ride this year. We could be dealt with a crash or a handful of corrections between now and the year's end. So, have plenty of dry powder on the sidelines and get ready to pounce on any bargains that come your way.

## Kirkland Lake: A top gold stock to prepare for further volatility?

If you fear volatility is here to stay, consider scooping up shares of gold miner **Kirkland Lake** (TSX:KL)(NYSE:KL), a lowly correlated play that will help smoothen a potentially bumpy road to the post-pandemic world. My fellow Fool contributor Chris MacDonald is a [raging bull](#) on the gold miner, going as far as labelling it as his top pick for those seeking exposure to the precious metals.

“These macro trends will not relent, perhaps ever. We’ve entered a new phase of monetary and fiscal stimulus. Gold is not only a hedge; it’s a great investment over the long term for investors looking for stability.” said MacDonald. “The returns on gold have been sub-standard but have done their job in holding steady during periods of volatility. I expect more volatility on the horizon and think we’re a long way out from this recession coming to an end. Loading up on Kirkland Lake is a great way to get some defensive exposure.”

MacDonald thinks that Kirkland is a well-run operator with an absurdly low price of admission. The stock trades at just 2.5 times book, making it an intriguing value proposition for those looking to hedge their bets without having to pay up too big of a premium.

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