



## Forget Bitcoin and Gold: Here's Where to Invest \$6,000 in Your TFSA for 2021

### Description

The equity markets continue to trade near record highs in 2021, despite uncertainties prevailing across the globe. A few financial experts have warned investors of a market crash this year, given the steep valuations of companies on the TSX as well as the S&P 500.

Investors are optimistic after a Joe Biden win as well as the rollout of effective vaccines. However, the slowing GDP rates, lower consumer spending, high unemployment rates, and rising COVID-19 cases in Europe and North America are weighing heavily on global markets.

There is no doubt that stock markets are trading at a premium and a correction is on the cards. While it's impossible to time a market crash or even a recovery, it makes sense to be prepared for any eventuality.

### You can invest \$6,000 in your TFSA

A market correction should be viewed as a buying opportunity by long-term investors. You need to keep aside some dry powder and strike when the iron is hot. Canadians can invest \$6,000 in their TFSA (Tax-Free Savings Account) in 2021.

The TFSA is one of the most flexible registered accounts in Canada where any withdrawals in the form of dividends, interests, or capital gains are exempt from taxes. Generally, investors can look to hedge their portfolios by purchasing recession-proof assets such as gold or even Bitcoin.

While Bitcoin has surged over 300% in the last year, it remains a very risky investment. There are a lot of regulatory issues surrounding cryptocurrencies and the volatility is too high for traditional investors.

Gold is another hedge when the stock markets turn bearish. However gold mining companies such as **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) [are better investments](#), especially if prices of the yellow metal surge higher in 2021.

## Barrick Gold stock is trading at a discount

Shares of Barrick Gold are trading at 25% below its record high. Despite the recent pullback shares of the mining giant have gained 160% in the last five years. There are several catalysts that will drive gold prices higher that include low interest rates and a weak U.S. dollar.

Barrick Gold will benefit from higher prices, which will help it improve the bottom line at a stellar pace and benefit from high operating leverage. For example, in Q2, Barrick Gold [reduced production by 15%](#), but its revenue surged higher by 48% due to higher gold prices.

In Q3, Barrick Gold has reduced its net debt by 25% on a sequential basis and sold off non-core assets amounting to US\$1.5 billion. The stock is trading at a forward price-to-2021-earnings multiple of 16.4, which is really cheap given its projected growth rates.

According to Wall Street, Barrick Gold is forecast to increase sales by 29% to US\$12.54 billion in 2020 and by 5.6% to US\$13.24 billion in 2021. Its earnings are also forecast to increase at an annual rate of 38.6% in the next five years.

Analysts have a 12-month average target price of US\$33.33 for Barrick Gold, which means the stock is trading at a discount of 41% right now.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

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