



Forget Bitcoin! Buy This Top TSX Gold Stock Instead

Description

Bitcoin's dramatic rise and fall in recent weeks has put cryptocurrencies in the limelight once again. Investors reading the headlines may be at risk of falling prey to being dragged into the fray. I think the hype and hysteria surrounding these speculative assets is likely to remain strong for some time. That said, the degree to which these are extremely risky assets are unquestionable.

The best thing since sliced bread in the hedging world?

The thesis underpinning the recent run in Bitcoin has been the idea that cryptocurrencies have matured as an asset class. That is, that these virtual coins are now an effective hedge against inflation and U.S. dollar currency risk. Capital flows into Bitcoin and out of other traditional hedges like gold seem to indicate pervasive momentum behind this idea. The influx of institutional money into Bitcoin has accelerated this rotation.

This week, this sentiment has certainly been tested. Bitcoin's on track for its worst week since the pandemic hit. Some say this is simply "price discovery" in a nascent asset class. However, others believe this is perpetual bubble that continues to re-inflate, sparking dire warnings of a mega-bubble forming.

I'm of the camp that believes gold will continue to stand the test of time as the most stable hedge of all time. Right now, I think what investors ought to aim for is stability and safety. There's far too much uncertainty out there to be playing with volatile instruments like cryptocurrencies right now.

Kirkland Lake

In that context, my top **TSX** gold pick for investors right now is **Kirkland Lake Gold** (TSX:KL)(NYSE:KL). This company recently reported its full-year 2020 earnings and production numbers. Kirkland Lake posted a production increase of more than 40% on a year-over-year basis. This incredible increase was due in large part to the gold miner's acquisition of **Detour Gold** early on in 2020.

This deal was extremely well timed, as it preceded the onset of the pandemic by just a few months. Accordingly, it appears Kirkland Lake picked up these assets at a real impressive valuation given the boost rising gold prices have had for mining profitability since the onset of the pandemic.

Kirkland Lake has the fundamentals and a balance sheet that is best in class in the gold mining space. A smaller miner, this company is often overshadowed by its larger cap peers. This stock can therefore get lost in the fray. Value investors bullish on the price go gold would do well to pick up shares here.

Bottom line

Bitcoin's just way too risky of an investment right now. I don't know if anyone can really call this asset class "investable" at the present time due to its sky-high levels of volatility. Indeed, I would classify the cryptocurrency market right now as purely speculative.

Gold's lackluster reaction to stimulus measures I think is partly due to so much of this news already being priced in through the pandemic. However, I do think with additional legs of stimulus on the horizon, a weak U.S. dollar should strengthen gold. Indeed, Kirkland Lake stands as one of the best options for those looking for an effective long-term hedge.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Gold
2. investing
3. market
4. Stocks

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Tags

1. Gold
2. investing
3. market
4. Stocks

Date

2025/07/08

Date Created

2021/01/15

Author

chrismacdonald

default watermark

default watermark