



Inflation Is Skyrocketing! Protect Your Portfolio With These 2 Top TSX Stocks

Description

As bond yields continue to rise, investors in many growth stocks are seeing some resistance. What once was a sector that couldn't lose is now one that's under pressure. Accordingly, investors looking to protect their portfolios may want to consider some defensive, cyclical plays.

Here are two great stocks I think fit well within the defensive, cyclical precious metals sector that are perfect for investors to consider today.

Barrick Gold

One of my top picks for some time has been **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD).

This was actually a pick of Warren Buffett's last year, though he's sold his position over the span of a couple months. Indeed, when Warren Buffett steps into a stock, you know it's good.

Barrick Gold is one of the largest gold miners in the world. The company's reserve size is also among the largest, though these rankings tend to fluctuate from time to time due to acquisitions, etc.

This size provides investors with a great margin of safety with owning this stock. If you're bullish on the long-term trajectory of gold (despite this recent dip), going with the biggest name in a given sector can be a great idea.

VanEck Vectors Gold Miners ETF

For those looking for broader exposure to gold miners, the **VanEck Vectors Gold Miners ETF** (TSX:GDX) is the way to go.

This exchange traded fund (ETF) provides extremely broad diversification to precious metals miners. These are mainly gold miners, however some exposure to silver is included as well.

As with Barrick, investors are getting access to [higher-leverage plays](#) on the price of gold. Miners tend

to see much larger earnings increases on a percentage basis compared to the percentage increase in the underlying precious metal. This is because miners are heavily leveraged, due to high capital costs of mine construction and various other fixed costs.

Indeed, owning a basket of any group of companies is a better long-term approach for most investors. Picking the best stock out of hundreds can be difficult to do. Taking an average of the group, that's a safer and more reliable way to invest for most passive investors.

Bottom line

At the time of writing, the U.S. 10-year treasury yield is still above 1.7%. Rising bond yields are typically bearish for gold, because they increase the real yield (interest rate minus inflation).

That said, inflation expectations are skyrocketing right now, so forward real yields are still very negative.

I'm very bullish on gold still, and think this could be the year we see a very nice spike. For investors looking to play this sector, either by picking an individual stock or buying the whole caboose, these two options are great ways to go.

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1. Investing
2. Metals and Mining Stocks

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1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSXV:GDX (Goldex Resources Corporation)

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