



## Bitcoin vs. Gold: Which Is the Better Buy This Spring?

### Description

Bitcoin and the cryptocurrency market managed to significantly outpace gold in the second half of 2020 and early 2021. Investors looked to alternative assets in the face of the COVID-19 pandemic. However, support from central banks and record stimulus has kept markets booming and the economy afloat. Optimism has returned in 2021, as citizens hope vaccine rollouts will lead to normalization. Is it wiser to own Bitcoin or gold in this environment? Let's jump in and find out.

### Why Bitcoin will continue its run in the spring

I'd discussed how investors should [tackle Bitcoin](#) in early March. The top digital currency rose above the US\$60,000 price point in the last month. However, it lost momentum to close out the winter. It was once again threatening this resistance level as of early afternoon trading on April 1.

Bitcoin has gained momentum, as regulators have backed off and institutional investors have moved into the crypto camp. Canada launched the world's first Bitcoin-focused ETF in February. **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) has climbed 10% since its debut. Canadians who want exposure to Bitcoin in their TFSA or RRSP should consider this ETF today.

It has been unwise to bet against Bitcoin's momentum over the past six months. Institutional support and a flood of new retail investors could vault Bitcoin to new heights in the months ahead.

### Here's the case for gold in the months ahead

The spot price of gold rose above US\$2,000/ounce in the summer of 2020. Pandemic fears drove investors into the arms of alternative assets over the course of the last year. However, an improved economy, a red-hot market, and renewed momentum for Bitcoin and crypto have driven investors away from the yellow metal.

In late March, I'd discussed whether higher inflation would be [positive](#) for gold prices. The Bank of Canada and the United States Federal Reserve have conceded that their respective countries may

have to stomach higher inflation in the near term. Gold is a solid target in this climate.

**Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)) is a top Toronto-based gold producer. Its shares have dropped 14% in 2021 as of early afternoon trading on April 1. The stock is up 38% from the prior year. Kinross released its final batch of 2020 results on February 10.

Gold equivalent production met Kinross's 2020 guidance at the end of the year. Meanwhile, production cost of sales and all-in sustaining costs exceeded expectations. Adjusted operating cash flow surged 59% year over year to \$1.91 billion. Moreover, adjusted net earnings came in at \$966 million or \$0.77 per share — up from \$422 million, or \$0.34 per share, in 2019.

Shares of this gold stock last had a very favourable price-to-earnings ratio of 7.1. It also offers a quarterly dividend of \$0.03 per share. That represents a modest 1.8% yield.

## Which should you buy today?

Bitcoin is riding high, as we move into the early spring of 2021, while gold is still reeling. I'm going to take the contrarian viewpoint in early April and bet on gold's resurgence in the face of higher inflation. Best of all, top gold stocks like Kinross offer very solid value right now.

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1. Investing

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1. Editor's Choice

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