



## Forget Bitcoin and Dogecoin: Gold Stocks Could Be Ready to Shine

### Description

With renewed [inflation jitters](#) sparking a vicious and unforgiving sell-off in equities and cryptocurrencies like Dogecoin and Bitcoin, now seems like the time to shine for gold stocks. The CPI (Consumer Price Index) numbers were not pretty, and many investors fear that the Fed could be a tad more hawkish with its commentary. Perhaps Fed chair Jerome Powell will go from “not even thinking about thinking about raising rates” to “having no choice but to hike rates or face an unprecedented magnitude of problematic inflation.”

I think investors are hitting the panic button way too soon. And I wouldn't be [surprised](#) if the Fed stays the course, with no intentions to hit the rate hike button until 2024. The CPI data didn't help with lingering inflation jitters and the case for holding equities and bonds. That said, it's not like cash is a place to be as inflation rises, especially if it's inflation that won't induce the Fed to raise interest rates.

## Inflation fears could persist through 2021: Expect heightened volatility

Fed chair Jay Powell was quite clear; he wants to see employment recover further before pondering monetary policy changes. April's nonfarm payrolls increased 266,000, which was a far cry from expectations that called for one million.

The question on investors' minds is, just how much inflation can the Fed bear before implementing a change of policy without the meaningful recovery in employment that the Fed is hoping for? Higher interest rates and employment below that of pre-pandemic levels do not set the stage for an environment that one would refer to as “the Roaring '20s.” Heck, it's a brutal environment that could bring forth considerable pain across the board.

I don't think that such an environment is likely, though. Such a scenario that sees higher rates and meagre employment, I believe, is a low-probability, high-impact outcome that investors shouldn't overreact to by navigating too far off course when it comes to long-term investment goals.

As such, I'd put my trust in the Fed in spite of the "scary" CPI data and think this market pullback is nothing more than an opportunity to buy stocks, specifically value stocks and commodity miners. That said, anything can happen with markets, so it's important to ensure you're not in a position to get ruined should inflation jitters drag down high-growth stocks considerably lower into year-end.

## Time to get into gold stocks?

With gold prices pulling back modestly on Wednesday amid rising inflation jitters, I think there's a golden opportunity to get into gold stocks, which could be poised for a sustained rally higher, as investors grapple with inflation, rate hikes, and all the sort.

Gold has been an inflation-resilient store of wealth for ages. And it's not about to go up in smoke because cryptocurrencies are viewed as the go-to alternative asset of the times.

One of my favourite ways to play the space is **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), which pulled back 1.6% on the day. The gold stock is coming off a 40% peak-to-trough decline induced by the recent weakness in gold prices. Today, the stock is sustaining a rocky recovery from its February 2021 lows. With inflation woes likely to linger until the Fed provides reassurance, I think gold and its top miners could be in a spot to make up for lost time.

Barrick is a best-in-class miner with a juicy 1.6% dividend yield at the time of writing. With a dividend policy that will continue rewarding shareholders in a higher gold environment, I think the name is a productive way to play an unproductive asset.

Moreover, I think gold securities could get massive inflows whenever the cryptocurrency trade goes up in smoke. I have no idea when Dogecoin, Bitcoin, Ethereum, and the like could crash next.

With **Tesla** reportedly stopping its acceptance of Bitcoin for environmental reasons, the crypto crash may have already started by the time you're reading this piece.

Regardless, I view gold stocks like Barrick as pretty compelling options that could appreciate the next time the crypto trade sours.

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