



## 1 Canadian Gold Stock to Buy as the Fed Rattles Markets

### Description

What a wild first half of the year it's been for Canadian stocks. While the broader **TSX Index** is up by [impressive](#) double-digit percentage points, it's worth noting that strength in energy and financials have been primary drivers of the upside surge. In the background, numerous other companies have faded into the background.

Many, I believe, have overswung to the downside and are worth checking out right at current prices, even as concerns grow over Wednesday's [scary](#) Fed meeting. Like it or not, the Fed sees higher interest rates in 2023. While there's plenty of room for the market to digest the news, it goes to show just how sensitive certain stocks are these days.

Undoubtedly, the reflation trade is back on the table. Financials and gold stocks could be key to outperforming in an environment that could see inflation persist. At the very least, inflation is pushing the Fed to accelerate its rate hike schedule by around a year. In any case, investors need to be prepared accordingly for another round of pain, with tech leading the downward charge.

In this piece, we'll have a look at one great Canadian stock that can withstand the damage that could be on the horizon. Many analysts have "strong buy" ratings on the name, with an average price target in the high double digits. Without further ado, let's have a closer look:

## A top Canadian gold stock that could shine in the second half of 2021

Gold fell under considerable pressure this week, pulling back over 2% after the Fed's meeting on Wednesday. Given gold tends to outperform most stocks in inflationary environments, I'd say the pullback in gold and its miners was completely overblown.

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) retreated by a modest 0.8% on the day. That said, it is worth noting that Barrick stock has been under considerable pressure for quite some time now, with shares plunging around 40% from peak to trough before partially recovering. Today, shares are back on the

retreat, now down 30% from its 2020 peak, when gold was really shining.

While you could do well in any gold miner, Barrick appears to be one of the best-in-breed names on the TSX. [Warren Buffett](#) used to own shares in the company last year before he threw in the towel. Whether the wildly volatile environment causes him to return is anybody's guess. Regardless, Barrick is the gold standard for investors looking for gold exposure without paying a fortune. But do be warned; any downside in gold prices from these levels is likely to be amplified by Barrick stock. In any case, I think gold will bounce back from its latest decline, as investors look to alternative assets to shield their wealth from inflation.

Just a few weeks ago, Steven Butler of Stifel Butler slapped Barrick stock with a Street-high \$42.50 price target, suggesting over 55% worth of upside from today's levels.

## Bottom line

Inflation is coming, and if you lack precious metals exposure, investors may have a golden opportunity to get into Barrick Gold while it's fresh off a bear market moment. I think gold prices are headed much higher from here, and patient investors will be rewarded with a generous 1.6% yield, as they navigate these rougher waters and a more fragile market.

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