



## Forget Bitcoin: Barrick Gold Stock May Be the Best Hedge for Your Buck

### Description

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) shares have been under considerable pressure over the past several months, as gold prices slid. Undoubtedly, gold has been quite the [volatility](#) asset of late, [rallying](#) over 10% between March and June, only to plunge nearly 8% in a matter of weeks.

While there's not yet enough data to conclude that gold and its miners have a negative correlation with cryptocurrencies like Bitcoin, Dogecoin, Ethereum, and all the sort, I have noted in many prior pieces that the next cryptocurrency crash could bring forth considerable inflows back into lowly correlated alternative assets such as the precious metals — most notably, gold.

### Gold investing is tough in the Bitcoin era

There's no question that it's frustrating to be a gold investor these days. In an era where people are getting filthy rich off Bitcoin, an asset that some view as a gold alternative. Personally, I think those replacing all of their gold exposure with Bitcoin or any other cryptocurrency will find themselves in tears come the next big major pullback.

In prior pieces, I've highlighted Bitcoin's performance in times of panic was comparable to that of the riskier of equities. While there may be a low degree of correlation when all is well, times are good, and things are pretty normal, such low beta tends to go bye-bye once fear strikes the hearts of investors.

As of right now, I continue to favour top-tier gold miners like Barrick Gold over cryptocurrencies or their miners. Why? Gold has been an inflation-resilient store of wealth for millennia. Digital assets like cryptocurrencies have yet to have time to show they live up to the gold standard. Unfortunately, given their performance in 2020, I fail to see how Bitcoin can be viewed as the "millennial gold."

### Bitcoin and gold are incomparable in my books!

Bitcoin and gold are two very different beasts. While it may make sense to hold both as a part of a diversified portfolio, I'd much rather overweight in gold at today's juncture. Today, Bitcoin is fresh off a

vicious plunge, with a potential head and shoulders top pattern that could bring forth even more pain for cryptocurrency investors. Moreover, China's crypto crackdown and U.S. Treasury Secretary Janet Yellen's distaste for the asset do not bode well for its future, at least over the near term.

Gold, while also under some pressure, looks better poised to bounce back into year's end. And cryptocurrency's loss, I believe, could be gold's gain.

Barrick Gold is one of my favourite ways to bet on gold, because of its handsome dividend policy. [Warren Buffett](#) has slammed gold numerous times in the past for being an unproductive asset. It doesn't produce anything, and he's right in that equities or farms will do better over the extremely long term.

That said, Barrick is, as I've previously described, a productive way to play an unproductive asset. The stock's 1.7% dividend yield is a wonderful bonus that investors have the opportunity to "lock in" amid gold's latest slump.

Should gold continue its ascent past the US\$2,200 mark, Barrick's dividend is likely to follow suit. So, in addition to the low degree of correlation to the broader markets, investors also stand to get rewarded over time for their patience.

## Bottom line

Analysts seem overwhelmingly bullish on Barrick Gold stock right now. The Street-high price target of \$42.50 implies north of 66% worth of upside from today's levels. Should Barrick stock correct upwards in such a fashion, the 1.7% yield dividend may very well compress to and below the 1% mark. As such, those looking for a productive way to play an unproductive but lowly correlated inflation hedge like gold should look to do so while the price of admission is still low.

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