



Young Investors: Should You Buy Barrick Gold Stock or Bitcoin?

Description

Young investors should take risks if there's a good shot at obtaining [market-beating results](#) over the long term. If the risk/reward scenario makes sense and time is on your side (you've got at least five years to invest), some of the higher-flying, high-growth Canadian stocks may make sense to buy, at least in part. Getting some skin in the game in a company you truly believe in over the long run can result in pretty exceptional results.

But if you're like many folks who are just looking to make a quick buck by speculating on whatever asset is appreciating at the quickest rate, you should probably hold off. Warren Buffett is all about [investing in what you know](#). When it comes to Bitcoin, Ethereum, and most other cryptocurrencies that are virtually impossible to evaluate, it's important not to confuse sound investment with speculation.

Bitcoin: A sexy but unproductive asset

Indeed, Bitcoin and other speculative "sexy" assets could implode at any time, leaving the least-experienced investors holding the bag at the expense of the lesser fools, as opposed to the greater fools (that's based on the Greater Fool Theory, which has nothing to do with The Motley Fool).

If an asset is unproductive and will never generate any cash flows, you'll be looking at an asset that's only worth as much as the next person is willing to pay for it. Undoubtedly, there's novelty in investing in Bitcoin. The same could be said of tulip bulbs back in the days of the Tulip Mania, which many of us tell ourselves we would have never gotten involved in.

When it comes to novel investments, by wary, and if you can't generate a discounted cash flow model, proceed with caution, as you may be speculating and not investing. As long as you know you're speculating and not investing, there's no shame in proceeding ahead with money that you're more than willing to part with in a worst-case scenario.

Wait, isn't gold also unproductive?

Indeed, gold is also an unproductive asset.

Unlike Bitcoin, however, gold has been a store of value for hundreds, if not thousands of years. Bitcoin has been around for north of a decade. Still, it has a ways to go before it can be stacked up against the shiny yellow metal.

Even if we were to compare Bitcoin to gold, given the former's limited track record, Bitcoin still fails to pass the bar as a suitable alternative for gold, at least in my books. Bitcoin has traded like an equity in past market crashes, and I'd argue it's likely to happen again. Meanwhile, gold has held its value far better than your average stock.

The case for battered gold miners over Bitcoin

The gold standard, I believe, stands strong in the era of crypto.

That's why young investors may wish to invest in gold miner stocks like **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) over cryptocurrencies and their miners. Again, I'm not against speculating. But if you're a young investor who wants to get more value for every dollar they'll put forth; I'd argue it's tough to match the value proposition offered by Barrick at this juncture.

Gold has been under considerable pressure of late. With gold prices plunging below US\$1,750 once again, Barrick and the broader basket of miners has been dragged lower. Barrick stock tanked nearly 4% on Tuesday on a flat day for markets. With shares near their 52-week lows, I'd argue that the stock is dirt cheap, with its modest multiple and its bountiful 1.8% dividend yield.

In an arguably expensive market, Barrick Gold, I believe, shines bright. Barrick is a cheap and productive way to play the mining of an otherwise unproductive asset.

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