



1 TSX Gold Stock That's a Screaming Buy in My Books!

Description

Gold stocks have really soured in recent months, thanks partly to the continued rise of cryptocurrencies, including Bitcoin, Dogecoin, Ethereum, and all the sort, which refuse to go away!

Undoubtedly, the crypto asset class has gained a considerable amount of credibility with big-league money managers and Canadian retail investors amid the pandemic. With excess liquidity and so [many places to invest](#), Bitcoin has undoubtedly been the alternative asset of choice among young investors like millennials who continue to HODL (hold on for dear life) their digital tokens, despite the profound levels of volatility and their fragility to exogenous events such as negative government commentary and national bans on cryptocurrency mining.

Bitcoin and gold stocks duke it out

Let's face it. Bitcoin is sexier than gold, especially around the water cooler! But does that mean Bitcoin will continue to [outshine gold](#), which has lost its lustre in 2021? Only time will tell. Personally, I think both asset classes are complements rather than substitutes, even though the market seems to view them as one or the other. While I'm not against owning gold stocks and cryptocurrency (or crypto-related plays, such as the miners), I do think that investors must understand what they stand to lose in a worst-case scenario by playing crypto at these heights.

Sure, crypto and gold share many similarities, except the one that I believe really matters. The main reason to hold gold for the long haul is not to make a fortune overnight. Heck, Warren Buffett has slammed gold as an unproductive asset many times in the past. And he's right. Gold produces absolutely zilch over time! And there are better places to invest your money — most notably in common stocks that pay hefty dividends.

That said, gold isn't for getting rich. Its main use is for *staying* rich. Come the next market crash, I'd be willing to bet that gold will lose far less of its value, if at all, versus the likes of any cryptocurrency, especially Bitcoin, which failed to show a meaningful negative correlation in the 2020 stock market crash.

Barrick Gold: Get paid to wait!

Bitcoin still seems too correlated to stocks for me to pin it as an effective alternative for gold. Although gold has lost its lustre of late, I think that once the speculative appetite decreases (as it always does), gold will once again outshine Bitcoin and other cryptocurrencies. Until then, it's a tough road for gold. But if you're a contrarian who seeks value, I think **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is one of the better values in today's market.

Why Barrick? It's a gold play with a magnificent dividend policy and a bountiful yield. I've said it before, and I'll repeat it, Barrick is a productive way (thanks to its dividend) to play gold, an unproductive asset. After falling under considerable pressure since peaking in the back half of 2020, the yield has swollen above 1.8%.

Sure, a nearly 2% yield is nothing to write home about. But if you're looking for an alternative asset class to hedge your portfolio and want to get paid cash dividends for doing so, Barrick stock is as good as gold, especially at these valuations.

The bottom line on gold stocks

Personally, I think the gold stock's dividend is highly underrated and makes for a great holding for anyone who lacks exposure to the shiny yellow metal. So, if you're a bull on Bitcoin, that's completely fine. Allocate a percentage of your portfolio in the cryptocurrency. But don't treat gold as one and the same. They are different beasts, and they could exhibit an inverse correlation moving forward.

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Date

2025/09/06

Date Created

2021/09/03

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