



## Crypto vs. Gold: Which Is the Better Buy in September?

### Description

In the summer of 2020, I'd [compared](#) the performance of gold and crypto assets since the start of the COVID-19 pandemic. A little over a year later, and top crypto assets have been the decision winner over the yellow metal. Today, I want to discuss which alternative asset is the better bet to add in September. This is a question that may be lingering for investors, as inflation spikes and there is continued uncertainty over rising COVID-19 cases.

## Here's why crypto is the better bet as an alternative asset in 2021 and beyond

Bitcoin and its peers in the crypto space have staked a spot in the mainstream. This goes beyond awareness. Top institutional investors have poured into digital currencies since the start of the pandemic. Here in Canada, the very first Bitcoin-focused ETF was launched in February 2021: **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)).

Crypto has benefited from its status as a new and now more trusted asset. It has the potential to build further momentum, especially in a market that is gorging on liquidity and historically low interest rates. This is also great news for crypto miners like **Hut 8 Mining** ([TSX:HUT](#))([NASDAQ:HUT](#)). Shares of this [crypto](#) stock have climbed 187% in 2021 as of close on September 2. The stock has soared over 1,000% in the year-over-year period.

Demographics are also working in this asset's favour. Younger investors are far more inclined to dip into digital assets over precious metals like gold and silver.

## The case for gold for the long term

Back in March, I'd discussed why gold stocks looked [undervalued](#). It took a remarkable performance from crypto assets to beat out the record year that was 2020 for the yellow metal. The spot price of gold rose above US\$2,000/ounce for the first time in its history. However, it has since retreated and

encountered resistance at the US\$1,900/ounce price point.

Gold has held steady in what looks like a bullish environment. Rising inflation in North America may encourage dollar skepticism, which has historically led investors to dip into the world's oldest alternative asset. Beyond its spot price, gold-focused equities have posted promising earnings in recent months.

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is one of the largest gold producers on the planet. Its shares have dropped 20% in 2021 as of close on September 2. The stock is down 35% from the prior year. Barrick stock hovered around technically oversold territory for most of August but failed to send off a technical buy signal.

In Q2 2021, the company said that it expected gold and copper production to be higher in the second half of the year. It suffered from maintenance shutdowns in the second quarter that caused its earnings to lag. Shares of this gold stock possess a price-to-earnings ratio of 13, putting it in favourable value territory.

## Which is the better bet?

The gold price has stabilized in 2021. This is a solid target for those who want to hedge against what looks like an overheated market. However, investors hungry for gains will be more inclined to snatch up crypto assets like Bitcoin.

### CATEGORY

1. Investing

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2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
4. TSX:BTCC.B (Purpose Bitcoin ETF)
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