



TFSA Investors: Protect Your Wealth From Inflation With This Gold Stock

Description

Many TFSA investors have yet to put excess amounts of cash to work on [opportunities](#). Sure, you can buy into the correction calls, but do remember that higher inflation will stand to take a considerable chunk out of your purchasing power. The longer you hold cash, the less it'll be worth — and at an apparently accelerating rate, with Canadian inflation blasting off to 4.1%, which is the highest it's been in around 18 years.

Inflation woes have been shrugged off as transitory. But what if it's not? The trajectory of Canadian inflation is worrisome. And it's vital for TFSA investors to protect themselves in case we're in for runaway inflation: a severe, albeit unlikely outcome that [affects](#) all Canadians. Undoubtedly, there have been numerous supply chain disruptions, shortages, and all the sort. Whether we're talking about semis, sneakers, or automobiles, it's clear that prices could continue surging higher in response to demand overwhelming a limited supply.

Inflation could continue to weigh on TFSA investors

Such goods could follow the trajectory of lumber prices, which skyrocketed before suffering a blow-off top, falling back to where it was before the surge. Given the intricacies of semis, pent-up demand that could go unmet for longer and all the sort, a blow-off top shouldn't be expected — at least not anytime soon. Inflation is getting insidious, and it's a topic of discussion going into Canada's 2021 federal election. The cost of goods could continue creeping higher, so it's vital to understand the growing risks of holding cash, a risk-free asset with increasing upside risk (or risk of missing out on upside if the funds were invested in risky securities).

Without further ado, consider **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) — one of the best great buys for TFSA investors to cope with higher inflation.

Barrick Gold: Fighting inflation with precious metals

Barrick Gold is quite possibly one of the cheapest ways to bring the fight against inflation these days.

Gold, which tends to outperform in times of rampant inflation, has sagged. Why? Probably because of the continued ascent of cryptocurrencies like Bitcoin. The U.S. Federal Reserve's tightening may also unpredictably impact gold prices.

Moving forward, I have no idea where gold is headed. Nobody does. Former Fed chair Ben Bernanke, one of the greatest economic minds of our time, doesn't understand gold and thinks it's hard to predict. He's right. There are too many variables to determine gold's next move. Despite this, I favour gold as a magnificent TFSA hedge. It tends to zig when markets zag, while having a history of holding its value during times of crisis.

Moreover, Barrick Gold, a well-run miner, is a great way to pay yourself as you enjoy all the benefits of holding gold in a portfolio. The stock boasts a 1.9% dividend yield following its epic 40% slide off its highs.

With gold recently falling to US\$1,750, as Bitcoin continued to garner strength, it seems like gold is destined to be outshined by cryptocurrencies forever. Although cryptocurrency is a sexier asset class than gold, I still think there are benefits of holding both assets as a part of a diversified TFSA. I'd rather get paid a nearly 2% dividend yield to hold Barrick stock than speculate on the price of an unproductive asset, whether it be gold bullion or Bitcoin.

Bottom line

After sliding another 4% on Thursday, TFSA investors should give battered shares of Barrick a second look, as inflation soars.

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