



Barrick Gold Stock Looks Too Cheap to Ignore

Description

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) stock is in the midst of an [unforgiving](#) bear market right now. Gold prices have been lacklustre, despite the recent rise in inflation. Undoubtedly, cryptocurrencies such as Bitcoin, Dogecoin, and Ether have taken a little bit of [glimmer](#) out of the shiny yellow metal. While nobody knows where gold is headed after its nasty correction to around US\$1,750, I think that those looking for alternative assets with a low correlation should look to the number of gold miners, many of which are trading at hefty discounts to their historical ranges.

Arguably, Barrick Gold is one of the top miners to pick up if you're bullish on gold or are looking to improve upon your portfolio's Sharpe ratio. Over the centuries, gold has demonstrated that it's able to hold its value, even during the worst economic catastrophes. In the coronavirus crash, gold held its own. Bitcoin didn't. I believe that proves that Bitcoin is not a great alternative to gold, although millennials likely prefer crypto over precious metals as far as alternative assets are concerned.

Barrick Gold stock looks intriguing after its crash

Barrick's well-run operations and its upside potential should gold rally above US\$2,100 aren't the only reasons to buy ABX stock as it continues to add to its painful losses. The dividend has swelled accordingly and is not in jeopardy — at least, not with gold prices holding above the US\$1,400-1,600 range.

After another nearly 1% down day on Monday, ABX stock finally commands a 2% yield, making Barrick Gold stock one of the most productive ways to invest in gold. Undoubtedly, the yield could make a run to the 3% mark should this selloff intensify on the back of sagging gold prices. Still, pending a market melt-up and tempered inflation back below 2%, I don't think gold is capable of plunging at this pace. Indeed, jumping into a name with such strong negative momentum can be scary, even reckless, for those who didn't put in their homework.

Regardless, Barrick Gold stock can be an invaluable and cheap way to improve upon your diversification. Ultimately, the decision to buy Barrick Gold stock here hinges on what your goal is. If

you're looking to time a quick gain, you may be left disappointed. But if you have zero alternative assets and want a long-term inflation hedge, it makes sense to pick up Barrick and collect the dividend while you wait for the next storm to cause a rush to safe-haven assets.

The Foolish bottom line

Indeed, many millennials are likely questioning gold's suitability as an investment in the age of Bitcoin. Given their very different reactions to past market spills, I'd argue that those keen on millennial gold should also embrace actual gold. Is there a place in a portfolio for crypto and precious metals? Possibly. I think in due time that investors will realize that gold, not Bitcoin, is the gold standard for portfolio diversification.

In any case, the risk/reward scenario looks attractive for Barrick Gold, which is my favourite miner after its nearly 43% collapse off its five-year highs.

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