



1 Battered TSX Gold Stock Worth a Buy

Description

Gold stocks on the **TSX** can't seem to catch a break these days, with the precious metal struggling to find its footing in a market environment that would have, in theory, called for much higher gold prices.

High, unforgiving inflation, profound levels of uncertainty, and [choppy](#) markets should have paved the way for gold at or above the US\$2,000 mark by now. But that simply hasn't happened, with gold recently sagging below US\$1,750, nearing its 52-week lows. Undoubtedly, the gold bugs are frustrated. It's so hard to understand gold and what's going to move it. Add the profound success of cryptocurrencies into the equation, and gold's future as a reliable store of value may very well be up in the air. Young investors, such as millennials, prefer Bitcoin, Dogecoin, and all the sort over traditional alternative assets like gold.

How much longer can gold continue to lag?

And if you're overweight in the [shiny yellow metal](#), don't blame Warren Buffett because he's never been a fan of gold. That said, it is worth mentioning that **Berkshire Hathaway** did dabble with **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) shares in 2020, albeit very briefly. Where does gold go from here? It's nearly impossible to tell. Many great minds on Wall Street just don't get the asset, and with the rise of crypto, the asset's status is starting to look a bit wobbly.

Despite being one of the worst-performing commodities of late, I still think gold is worth holding with a small chunk of your portfolio.

Why? Although I have no idea where gold prices are headed, the asset still has a long track record as a store of value. Gold has been used for centuries, if not millennia as a store of wealth. It's come out on top, shining past tulip bulbs and other sorts of assets that were deemed as "sexy" in their time. Whether it rises above crypto, though, remains to be seen. It's hard to understand Bitcoin or why anyone would want to own it over gold, given its limited history as a store during tough times. Crypto investors are probably wondering the same thing about gold. Unlike Bitcoin, gold won't make you rich. So, why own it?

Look no further than the crash of February-March 2020. Gold held relatively steady. Bitcoin crumbled like a paper bag. If you treat gold as a cash-like alternative investment or a store of excess cash, I think the case is still strong for holding gold in your portfolio. That said, don't expect to strike it rich with the asset. Because odds are, it'll continue to slog as long as crypto is still hot.

Barrick Gold: The gold standard of miners?

As is the case with a miner of any commodity, the miners have fallen further, taking on more damage than gold itself. They're levered up, which can amplify the ups and downs in gold price fluctuations. Barrick Gold is now down over 40% from its all-time high hit last year. The dividend has surged to 2%. And although Barrick has done a spectacular job with its operations, it can't control gold prices. If gold sinks below US\$1,700, expect Barrick's sell-off to extend below 50%. That said, if gold can find its feet again, Barrick could quickly make a run for its \$40 highs.

It's not a trade for the faint of heart. But if you believe that gold is not on its way out for Bitcoin and other digital tokens, the risk/reward may prove to be too good to pass up here. Barrick owns some of the best gold (and copper) sites across a wide range of countries. While untimely, I do think those seeking to improve upon their portfolio's Sharpe ratios can do so with gold. Just please be realistic with your expectations. Gold is one of the most unpredictable commodities out there. And it could take years to truly determine if the gold standard has shifted over to the crypto markets.

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