



2 Stocks to Buy if Gold Starts Shining Brighter

Description

After the great recessions, stock markets around the globe, especially in the U.S. and Canada, experienced one of the most consistent bullish markets in history. And whenever there is confidence in the stock market, gold stocks see relatively less attention and become relatively less attractive to investors.

That's because even though gold is tangible and tends to hold its value, even when the stock market fluctuates, the potential of the overall gain of gold is not on par with the stock market, especially in the long run. So even if people do buy gold stocks, it's to hedge their portfolio against market turbulence or take advantage of the periods of market fluctuations that help gold stocks rise in value.

It's a good idea to keep an eye on such patterns and have a few gold stocks on the radar that can help you take full advantage of the situation.

A gold and silver stock

If you are looking for a gold stock with an enormous "spiking" potential, **Maya Gold & Silver** (TSX:MYA) should be on your radar. [The stock](#) was very dull, and its valuation was quite stagnant before the pandemic. More accurately, the stock was in consistent decline since mid-2018, which saw its fateful conclusion in the 2020 market crash.

But then the stock started to grow, and it rode the wave harder than most other gold stocks in Canada. Between its market crash valuation and its peak in 2021, the stock rose over 1,200%. Much of that was due to it being lightweight security, though the market capitalization has now grown to a bit over a billion.

What's even more unusual is that the stock didn't start sliding down with the rest of the gold stock and is still hovering near the top. You might consider buying it when it finally dips and wait for the next spike.

A gold mining company

Most gold mining stocks follow a relatively similar pattern. They spike when the gold prices do and drop when the market holds strong. **B2Gold** ([TSX:BTO](#))([NYSEMKT:BTG](#)) is not necessarily an exception, but it has fared better than many other [mining stocks](#) in the past five years.

If you had bought the company around May 2019 when it reached its yearly dip, you could have grown your capital by 1.8 times by August 2020, when the stock peaked among market uncertainty.

But as the market started to recover, the stock declined quite steadily. It has fallen over 39% since that peak, and that's *after* its recent 33% spike. The company prides itself as a low-cost gold producer. By minimizing the cost of mining and producing gold, it might be able to compete with relatively larger gold producers thanks to the low price point.

Foolish takeaway

Gold is often considered a contrarian investment. When the market is bearish, gold usually enters the bull [market phase](#) and vice versa. But to get the best out of your gold investment, you have to spot the pattern before it fully emerges and everyone starts jumping on the bandwagon. Or you can simply buy when the stock has cratered and wait for the right market conditions.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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3. TSX:BTO (B2Gold Corp.)

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