



1 TSX Gold Stock, not Crypto, Is a Better Hedge Against Inflation

Description

Historically, gold has provided protection against inflation for investors. George Milling-Stanley, the chief gold strategist at State Street Global Advisors, said that gold's average return was 5% in the past five decades when inflation was below 2%. However, the yellow metal delivers an average return of over 20% when yearly inflation is more than 5%.

Rabid crypto supporters contend that [crypto assets](#) are better hedges or refuges for inflation in 2022. They say that **Bitcoin** is the digital gold, while newer cryptocurrencies are inflation-proof. Mark Bristow, President and CEO of **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:GOLD), disagrees with the recommendation.

Bristow said, "Look at gold and its precious nature – you can't print it, and you can't make it." He adds, "You can make cryptocurrencies, and there are many of them. When you're in a dynamic phase like we're in now and the world's uncertain, it's always good for gold."

Stellar returns

The prices of gold and cryptocurrencies appreciate or depreciate based on supply and demand. Vinshu Gupta, Founder and Director of Nonceblox Blockchain Studio, admits that gold has long been the de-facto hedge against inflation. But it's no longer a trusted investment for old money, says Gupta.

Currently, people view bitcoins as future gold. Despite the absence of regulations, crypto assets have delivered [better returns](#) than the world's most precious metal. Gupta would instead call cryptos the most lucrative assets on the face of Earth and Mars. Thus, it's debatable whether gold will yield or lose to cryptos eventually.

Positive outlook

Barrick Gold is the second-biggest gold miner in the world. The \$41.7 billion company develops and operates the best assets and focuses only on high-margin, long-life operations and projects. It

operates gold mines in 10 countries and maintains a robust copper business in three countries.

Apart from gold and copper operations, Barrick engages in exploration and project development across its extensive land positions. The locations are primarily in prolific mineral districts globally. According to management, the company has one of the deepest project pipelines in the gold industry. It includes brownfield projects, greenfield exploration discoveries, and undeveloped gold deposits.

Its CEO, Mark Bristow, insists that crypto can't beat gold as an inflation hedge. He adds, "The risk is on the upside, and I don't think there's very much risk on the downside." **Goldman Sachs Group**, however, argues that Bitcoin is taking market share from gold as a store-of-value investment.

Nonetheless, Bristow believes that investors use metal rather than cryptocurrencies to hedge against inflation. Gold usually rises when inflation accelerates, and jewelry demand should likewise pick up. Management is confident that gold prices will hold firm this year, if not rise. It expects the yellow metal to trade between US\$1,750 and slightly over US\$1,800 per ounce in 2022.

Potential upside

Performance-wise, Barrick Gold was an underperformer (-14.11%) last year. The company's net earnings in Q3 2021 also dropped 60.7% versus Q3 2020 due to lower production and prices. This year, the gold stock is an [undervalued stock](#).

Market analysts see a potential upside of 40.87% in 12 months. The share price could climb from \$23.44 to \$33.02. Also, the modest dividend yield of 1.98% should be safe and sustainable, given the low 32.14% payout ratio.

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