



Should You Buy Gold Stocks During the Current Pullback?

Description

Throughout 2022 so far, gold stocks have been some of the top performers on the stock market. Amid all the inflation, and with the uncertainty from the war in Ukraine, the interest from investors to find high-quality gold stocks to buy has increased significantly over the last few months.

In recent weeks, though, as stocks across many different sectors in the market have begun to sell off, gold stocks have also pulled back.

So, you may be wondering whether it's worth it to buy gold stocks while they're cheap or to focus on other [high-quality stocks](#) across the market.

Should you buy gold stocks today?

If you're wondering whether to buy gold stocks today, the answer will depend greatly on your portfolio.

If you think you need or you want more exposure to gold, then you can certainly find some high-quality stocks trading at attractive valuations. It's always good to have some exposure to gold. In fact, many investors typically allocate around 5-10% of their portfolios to the yellow metal.

You may also want to add defence to your portfolio, and gold stocks are well known to be some of the top safe-haven assets investors look to buy when uncertainty picks up.

If you're underweight gold, you could certainly look to add more exposure today. However, if you already have enough capital allocated to gold stocks, there are plenty of other high-potential investments to make in this environment.

What are the best investments to make in the gold sector?

If you do decide you want to gain exposure to gold today, then you'll also have to consider what kind of investment you want to gain exposure to. For example, there are [growth stocks](#) in the gold sector that

are rapidly ramping up production, such as **Equinox**.

And just like growth stocks in other sectors, the stocks are highly volatile, meaning they can offer a tonne of upside potential when the [gold sector](#) is rallying. However, this increased volatility is a double-edged sword; when gold stocks fall out of favour, they can fall rapidly in value.

There are also safer gold stocks to buy with low-cost operations that generate strong and consistent free cash flow, so you can commit to them for the long haul. **B2Gold** is a great example. And not only does the stock offer upside potential when gold prices increase, but it also pays an attractive dividend.

Plus, in addition to picking individual gold stocks, you could also consider a basket of gold stocks, such as an investment in **iShares S&P/TSX Global Gold Index ETF** ([TSX:XGD](#)).

The XGD is a great choice for investors who know they want exposure to high-quality Canadian gold stocks but don't want to have to worry about figuring out which is the best to buy.

So, owning an ETF offers exposure to several of the top Canadian stocks, with operations diversified all over the world. And because you're exposed to producers, your investment is still leveraged to the price of gold.

If you're looking to add gold exposure and more safety to your portfolio, you can certainly find high-quality gold stocks to buy now.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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1. TSX:XGD (iShares S&P/TSX Global Gold Index ETF)

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Date

2025/08/15

Date Created

2022/04/30

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