



Worried About Inflation? 2 Gold Stocks That Could Counteract it

Description

At writing, the **S&P/TSX Composite Index** is down by over 7% from its March 2022 high. The recent downturn in equity markets has led to a selloff across the board. Surprisingly, many gold [mining stocks](#) trading on the TSX have also fallen out of favour. Inflationary environments typically result in rising gold prices, which means that gold stocks should be outperforming the broader equity markets.

The slip in gold prices, despite inflation, geopolitical tensions, and recessions, has left many investors frustrated. Gold appears to be stuck in a rut, but it may rise as inflation rates keep up with their red-hot momentum. The rare yellow metal's recent performance has not inspired a lot of confidence among investors relying on it to rise amid the current environment.

However, the long-term correlation of gold with equity markets still favours gold as a good hedge against inflation in the face of increasing macroeconomic volatility. Today, I will discuss two gold mining stocks you could consider adding to your portfolio, as inflationary environments keep heating up.

Kinross Gold

Kinross Gold ([TSX:K](#))([NYSE:KGC](#)) is a \$7.63 billion market capitalization Canadian gold and mining company headquartered in Toronto. It currently boasts six active gold mines and was recently ranked as one of the top five gold-mining companies worldwide. Despite a strong position in the mining industry, Kinross stock has had a devastating few weeks on the stock market.

Kinross Gold stock trades for \$5.85 per share at writing, and it boasts a 2.67% dividend yield. Its decline between April 8 and May 12, 2022, represented a 32.39% peak-to-trough decline. Kinross Gold stock is down by over 55% from its September 2020 all-time high.

The discounted valuation could be a proverbial gold mine for you if you are bullish on gold in the coming weeks due to inflation. Its 2.7% dividend yield would also make it an excellent investment to consider for this purpose.

Agnico Eagle Mines

Agnico Eagle Mines ([TSX:AEM](#))([NYSE:AEM](#)) is a \$31.36 billion market capitalization Canadian gold mining company. Headquartered in Toronto, Agnico Eagle Mines boasts operations in Canada, Mexico, and Finland. The company is also conducting exploration and development activities that expand south of the border to the U.S.

It has emerged as one of the most interesting ways to gain exposure to the gold market. It recently acquired Kirkland Lake, bringing one of the best assets under its belt. Gold prices stabilizing right now would mean that the company snagged an excellent bargain.

Agnico Eagle Mines stock trades for \$68.53 per share at writing, and it boasts a 2.99% dividend yield. It boasts an excellent balance sheet and offers an inflated dividend yield due to the downturn, which could make it a good hedge at current levels if gold prices rise.

Foolish takeaway

The Bank of Canada (BoC) and the U.S. Federal Reserve have started enacting a series of interest rate hikes to cool down the red-hot inflation in Canada and the United States. Rising interest rates have been used to bring inflationary environments under control in the past. However, it will take some time for the measure to make a substantial impact on rising living costs.

Safe-haven assets like gold and other commodities may remain a good hedge against persistent inflationary environments for investors worried about inflation. If you are worried that inflation will continue to rise in the coming weeks, investing in gold stocks like Kinross Gold and Agnico Eagle Mines stock could be a good way to protect and grow your investment capital.

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2. Metals and Mining Stocks

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