



## Is This Top Gold Stock Worth Buying Today?

### Description

The rare yellow metal gold has started gaining momentum in recent weeks, as inflation continues to ravage the economy. Companies that rely on producing the commodity automatically become more attractive investments to buy and hold during inflationary environments due to increased profit margins.

[Metals and mining stocks](#) like **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) have entered the limelight in light of the current developments.

Gold has long been seen as one of the best ways to hedge against inflationary environments and market volatility. Gold prices tend to rise in the long term, and their movement is typically opposite to broader equity securities.

Barrick Gold is one of the top gold stocks in Canada, boasting extensive operations worldwide. Let's take a closer look at the situation right now and whether it warrants adding Barrick Gold stock to your investment portfolio.

### Recession and inflation fears

Inflation rates have been soaring to unnerving levels worldwide since 2021. Pumping liquidity into the economy was a tactic critical to ensuring a degree of stability amid the pandemic. Combined with historically low interest rates, it also resulted in inflation reaching new heights.

Central banks like the Bank of Canada (BoC) and the U.S. Federal Reserve started enacting interest rate hikes to bring record inflation levels under control.

Unfortunately, raising interest rates does not immediately cool down inflationary environments. Until higher interest rates manage to bring inflation under control, economic growth comes under great pressure. Investors are increasingly worried about a recession, as inflation and higher interest rates continue to make lives difficult for everyone.

All the uncertainty created by macroeconomic factors has created the perfect environment for gold

prices to rise.

## Golden opportunity

The aggressive interest rate hikes might have left many people worried about their investment returns. However, higher interest rates have provided some strength to the dollar. Gold prices declined due to the strengthening dollar. However, increasing recessionary fears could see gold's bear run come to an end and make way for higher prices for the rare yellow metal.

Investors fearing a recession's onset have started allocating more of their money to buying gold and gold-related assets. Barrick Gold stock is well positioned as one of the top gold-producing companies worldwide, making the situation ideal for its investors.

Barrick Gold raised its shareholder dividends to \$0.20 per share just a few weeks ago, reflecting on the company's strong financial performance and balance sheet. The company's robust cash flows and substantial net cash balance allowed Barrick Gold to introduce a dividend hike for its shareholders.

## Foolish takeaway

Barrick Gold stock trades for \$22.76 per share at writing, and it boasts a 2.24% dividend yield. It is still down by a massive 32% from its 52-week high. Market analysts have given a 12-month price target of \$36.20 per share for Barrick Gold stock. It means that investing in its shares at current levels could let you capture significant capital gains, provided it follows through.

It remains to be seen how long the inflationary environment will persist. The U.S. Fed and BoC are likely going to introduce several more interest rate hikes in the coming months. Investing in Barrick Gold shares as it trades for a significant discount could be a wise strategy.

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2. Metals and Mining Stocks

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## Author

adamothonman

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