



## Barrick Gold (TSX:ABX): A Top Gold Stock That's Too Cheap to Ignore

### Description

Inflation has been running riot for a long time. Despite several interest rate hikes by the Bank of Canada (BoC) and the U.S. Federal Reserve, it seems that inflation will take a long time to cool down. Higher borrowing costs and rising living costs could create the perfect storm and lead to a recession.

Gold typically has a negative correlation with the economy. Gold prices tend to rise when the economy is weak, and gold stocks outperform the broader market. However, that has not been the case with the recent downturn.

[Metals and mining stocks](#) like **Barrick Gold (TSX:ABX)**(NYSE:GOLD) have not been doing well, despite the market uncertainty. Barrick Gold stock trades for \$20.03 per share at writing. It is down by a massive 40.20% from its March 2022 high and boasts a 2.55% dividend yield.

Today, I will discuss the gold market right now and Barrick Gold stock for investors wondering whether the gold stock is a good buy at current levels.

### Gold prices right now

Gold trades for US\$1,760 per ounce at writing. It is down significantly from US\$2,000 earlier this year. Higher interest rates tend to strengthen fiat currencies, which is exactly what has happened with the American dollar in recent months due to the U.S. Fed's series of interest rate hikes. A stronger dollar has been considered one of the primary reasons gold prices have declined.

### Expectations for gold prices

Gold prices can still rise in the coming months, as fears of a recession keep looming overhead. From the war between Ukraine and Russia to China's potential invasion of Taiwan, geopolitical uncertainty could become the catalyst gold prices need to climb. Many people consider gold as a hedge against inflation, but the rare yellow metal has underperformed due to a stronger U.S. dollar in recent months.

The cryptocurrency downturn is another factor that could send gold prices soaring higher. **Bitcoin** and the broader cryptocurrency industry have suffered significantly. Where it was gaining popularity as an alternative to gold as a safe-haven asset, Bitcoin and its peers have become too volatile for many investors. Gold might regain popularity and see more money flowing in.

## Foolish takeaway

Barrick Gold is one of the largest gold-producing Canadian companies right now. The Toronto-based \$35.74 billion market capitalization company owns and operates several mining operations, producing gold and copper. Higher gold prices improve profit margins for the gold producer, boost its financials, and drive its valuation on the **TSX** to higher levels.

Barrick Gold will release its second-quarter (Q2) earnings report for fiscal 2022 on August 8. While we have some time until we see the actual figures, the company's management has already revealed that its gold and copper production has grown from its previous quarter. The preliminary figures strongly suggest that Barrick Gold is on track to meet its production guidance for both metals.

The ongoing volatility in the stock market and uncertainty might make risk-averse investors wary of investing in gold right now. However, its Q2 2022 earnings report could spark a rally that gold bulls might not want to miss out on.

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