



## Barrick Gold (TSX:ABX): Is it a Good Way to Invest in Gold Right Now?

### Description

The Canadian economy is slowly recovering from record inflation rates. High inflation rates typically lead to higher commodity prices across the board. You would assume that gold and silver prices might surge in such an environment, leading to a boom for [metals and mining stocks](#). And yet gold prices have struggled to break to new all-time highs.

The series of interest rate hikes by the U.S. Federal Reserve and the Bank of Canada (BoC) might have put a dent in the inflationary environment. Still, there is a long way to go before reaching target inflation rates.

**Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) is the top gold stock listed on the **TSX**. Today, I will discuss why investing in this gold-mining company might be an excellent deal for you to consider right now.

### Gold in an uncertain economic environment

The broader economic environment has been unpredictable since the pandemic struck. Just as the world began moving into a post-pandemic era, the Russia-Ukraine war threw everything out of balance. Just like the overall economic climate, the next move for gold is a question mark.

Gold has always been seen as a great store of value. People usually invest in gold as a safe-haven asset, especially during uncertain economic environments. However, buying and holding gold might not be as rewarding as investing in equity securities for the long term.

People do not buy and hold gold to become rich. Rather, they do it to preserve their wealth and diversify their investment portfolios through commodity exposure.

Having some gold in your portfolio can be a good way to protect your financial future, just in case another black swan event comes along. Many market experts anticipate a recession on the horizon, and it would be natural for investors to be anxious. Preparing your portfolio by gaining exposure to gold might be a good idea, but investing in a gold stock may be a safer way.

## Barrick Gold stock

Barrick Gold is a \$36.19 billion market capitalization gold mining company headquartered in Toronto. The company boasts strong gold and copper mining operations across 16 operating sites in 13 countries worldwide.

As of this writing, Barrick Gold stock trades for \$20.42 per share and boasts a sustainable 2.56% dividend yield. It is down by 39% from its 52-week high and might qualify as an [undervalued stock](#) at current levels.

Several other gold stocks pay investors their shareholder dividends, but Barrick seems like a stronger bet to gain exposure to the rare yellow metal's performance. Barrick Gold stock has a 1.09 price-to-book ratio multiple, suggesting a depressed valuation compared to the industry average of 4.2. Barrick Gold stock has a solid current ratio of 3.95 and a 33.63% payout ratio, showing a solid balance sheet.

## Foolish takeaway

As of this writing, gold trades for US\$1,727 per ounce, which is significantly lower than the US\$2,000 barrier it crossed for the first time in August 2020. Suppose that gold bounces back and regains momentum. Gold-producing companies like Barrick Gold are bound to see their profit margins soar. Being invested in the top gold stock might translate to excellent returns.

A benefit of owning gold stock over gold bullion could be its liquidity. Owning gold stock means you can sell it when it is no longer profitable and allocate your funds elsewhere without letting your money leave the market. Buying and selling physical gold is not as easy as trading gold stock.

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