



## Barrick Gold Stock: How High Could It Go In 2023?

### Description

The stock market momentum is driven by investor sentiment in the short term and [fundamentals](#) in the long term. If you are looking for a stock that could grow in 2023, you need to understand where investor sentiment is skewed. According to new [surveys](#) from the Bank of Canada, businesses and consumers are reducing spending in anticipation of a recession. History has shown that gold outperforms in a recession, and it could be true in 2023.

Since the start of December 2022, **Barrick Gold** ([TSX:ABX](#)) stock has surged 25% on fears of a recession in the first half of 2023.

### Why does gold outperform in a recession?

The yellow metal known for its store of value is the oldest form of exchange. Before the global fiat currency system in the 1970s, central banks worldwide printed paper currency against the value of gold. In other words, paper currency was a substitute for yellow metal.

But the United States started printing currency without any gold backing and instead had the US dollar replace the yellow metal. Hence, whenever the US dollar weakens, gold prices rise. In the 2022 downturn, the US dollar remained strong due to rising oil prices (traded internationally in US dollars). A recession could pull down oil demand, weakening the US dollar and strengthening gold prices.

Barrick Gold stock gives you exposure to gold prices. Compared to a gold [ETF](#), the mining stock also gives you dividends, including a performance dividend of up to \$0.15 per share if its net cash increases beyond \$1 billion.

### How high could Barrick Gold stock go in 2023?

When the recession actually hits, Barrick Gold stock could jump to its pandemic high of \$38. The pandemic recession was short-lived as governments worldwide injected billions of dollars into the economy through fiscal stimulus packages. The government pulling back the stimulus money is partly

behind speculation of a 2023 recession.

Moreover, the removal of COVID restrictions significantly increased demand. But the pandemic lockdowns and sanctions on Russia disrupted the global supply chain. This gap in demand and supply spiked inflation. The Bank of Canada is increasing interest rates to pull down demand and reduce the demand-supply gap.

How effective an interest rate hike will be on inflation is difficult to tell. The central bank expects inflation to return to the target rate of 2% by the end of 2024, which means interest rates could remain high throughout 2023. As high-interest rates slow business revenues and consumer spending, stock market investors could invest in gold to potentially protect their portfolio from a recessionary downside.

If the 2023 recession turns out to be longer than expected, Barrick Gold's stock price could cross \$38 and continue to rise as long as the recession endures. During the 2008 Global Financial Crisis, Barrick Gold's stock price doubled between November 2008 and November 2011. The three-year [bullish](#) trend reflected how deep the recession was. Since then, the stock has never reached its 2011 high of more than \$53.

The highest I expect Barrick Gold stock to go in 2023 is closer to \$45–\$47 if the recession runs deep.

## Key takeaway

Barrick Gold stock may not be in a long-term growth trend but it is a hedge against inflation. When building your investment portfolio, keep your investment in gold stocks to a minimum and book profits when the stocks hit their 52-week high. This way, you can profit even in a weak market and later buy gold stocks in a growing economy when they are oversold.

Also, take the bear market as an opportunity to diversify your portfolio across long-term growth stocks like **BlackBerry** trading at a significant discount.

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