



Another Rough Day for Gold Stocks

Description

Gold stocks were once again at the bottom of the barrel during Tuesday's version of the S&P/TSX Composite Index. Because of their relative heft, the two biggest drags on the Canadian market were **Goldcorp** (TSX:G) and **Barrick** ([TSX:ABX](#)), down 2.6% and 2.1% respectively mid-way through the afternoon. **Eldorado** ([TSX:ELD](#)), **Kinross** ([TSX:K](#)), and **Yamana** ([TSX:YRI](#)), down 7.4%, 4.3%, and 3.2% respectively weren't far off.

A mixed bag of U.S. and European economic data has investors feeling more comfortable by the day, decreasing the interest in gold's safe-haven characteristics. The spot price of gold is currently down 1.4% on the day to US\$1,577/oz.

This level however is well above the price that Societe Generale sees the price of gold falling to before the end of the year. In a recently released report SocGen predicts the price of gold will average \$1,500/oz in 2013, and close out the year at \$1,375/oz. The Bloomberg consensus indicates a year-end price of \$1,752/oz making SocGen un gros ours (a big bear).

I'd happily bet that gold won't sit exactly on \$1,375/oz or \$1,752/oz at the end of the year. I'm far less certain however about which price it will be closer too. However, with the shares of the gold miners being as beaten up as they've been, a move by the commodity in the direction of the consensus is likely to be met with more upside than the downside risk involved with SocGen's outlook.

The S&P/TSX Composite Index is loaded with resource and financial stocks. Because of this, investors that rely on Canadian Index funds or ETFs severely lack diversification in their portfolio, opening them to undue risks. **"Buy These 5 Companies Instead of Following a Flawed Piece of Advice"** is our special FREE report that outlines an easy to implement strategy and 5 Canadian stocks that reduce the risks involved with passively investing in the Canadian market. [Click here now](#) to receive the report – FREE!

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Fool contributor Iain Butler owns shares in Barrick Gold and Yamana Gold and is short July 2013 \$32 put options in Goldcorp. The Motley Fool has no positions in the stocks mentioned above.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ABX (Barrick Mining)
2. TSX:ELD (Eldorado Gold Corporation)
3. TSX:K (Kinross Gold Corporation)
4. TSX:YRI (Yamana Gold)

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Date

2025/09/12

Date Created

2013/04/02

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