Goldcorp, A Disappointing Quarter

Description

Goldcorp (TSX:G) recently reported quarterly earnings per share of $0.31, falling well short of analysts' consensus estimates of $0.38 and the $0.50 EPS the company earned in same period a year ago. Despite the miss, President and CEO Chuck Jeannes confirmed the company's full-year guidance, focusing on positive results, favorable growth prospects, and controlled costs. Goldcorp has faced the same pressures that have plagued its Canadian peer **Barrick Gold** (TSX:ABX) – weakening gold prices and escalating costs. Ultimately, Jeannes believes the 12-year bull market remains intact, which, if true, makes recent weakness in the stock a buying opportunity.

Market conditions
"I believe the long term fundamentals supporting a strong gold price remain firmly in place," Jeannes said of market conditions. He also explained recent weakness: "I believe what we're seeing as a mid-cycle correction as opposed to a start of a bear market." Acknowledging the need to address and weather market volatility, the CEO said that he was pleased with the first quarter's results and how it set up the rest of 2013.

Future still looks golden

While the miss dragged down shares upon the news release, the fact that Jeannes spoke favourably about the strength of the gold market is highlighted by the solid guidance that the company provided. In order to hit the full-year numbers after the miss, Goldcorp will need some strong quarters ahead. Given the extent of the miss, now would have been the time to lower expectations, if there were a reasonable basis to do so. The fact that guidance remained in place suggests that the company has legitimate reasons to believe that conditions will improve throughout 2013.

Overall, current weakness may be a great buying opportunity and should not be overlooked.

Gold companies continue to carry a relatively high weight in the S&P/TSX Composite and if you own, or have ever thought of owning a Canadian index fund you need to **click here now** to fully understand the risks involved with this strategy. Our special **FREE** report "**Buy These 5 Companies Instead of Following a Flawed Piece of Advice**" profiles 5 great Canadian companies that should replace your high-risk Canadian index fund. Simply **click here** and we'll deliver this report to you – **FREE!**

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