



Gold Stocks Surging Higher

Description

If you believe in the long-term prospects of gold, you've been provided with a fantastic play book in recent weeks as to how best to invest in this thesis. Simply, small/mid-cap mining names.

After being absolutely decimated through the first half of the year, many gold mining stocks, and especially the small/mid-cap names, have had a significant July bounce. In fact, the top 8 performing stocks in the Canadian market thus far in the back half of the year are gold mining stocks. **Shoppers Drug Mart** checks in at number 9, and then the run of gold stocks continues.

Leading the charge is **Centerra Gold** ([TSX:CG](#)) and its 41.3% return. Granted, the stock is still down 50% on the year, but those who bought in just a few weeks ago are likely giving themselves a nice pat on the back.

Part of this contingent of happy investors are none other than the company's leadership group. Key members of the executive and board were buying Centerra's shares through June when the stock was down as much as 68% from the beginning of the year. According to Capital IQ, this collection of insiders purchased more than 55,000 shares in June.

Other names that have put in big moves include **B2Gold** ([TSX:BTO](#)), **Detour Gold** (TSX:DGC), and **NovaGold** ([TSX:NG](#)) with respective climbs of 39.7%, 39.3%, and 31.6% each. Like Centerra, all three had reasonable amounts of insider buying activity through the May/June period.

Also like Centerra, nothing company specific appears to have occurred to push these stocks so dramatically higher. That leaves but one explanation.

It's the commodity...

Since the end of June, gold, the physical commodity, has not only made a move higher, but also has experienced a shift in sentiment. Gold finished June below \$1,200/oz and currently sits close to \$1,330/oz. More importantly however, over this period, the market has shifted its thoughts as to when the U.S. Fed will become less accommodative with its monetary policy.

A month or two ago, the brake lights were going to be seen at some point this year. Now, thanks to several Bernanke testimonials, participants aren't so sure. A continuation of easy monetary policy is good for gold.

The Foolish Bottom Line

We Fools aren't in the business of predicting monetary policy or where the price of gold might be at the end of today, tomorrow or in 5 years from now. What is clear however is that if gold has found a bottom and is setting the stage for a move higher, expected returns from stocks in this space will be significant. And those who focus their attention on the small/mid-cap portion of this sector are likely to reap the largest rewards.

While the gold sector may be poised for a bounce, one resource that is potentially on the verge of a major move higher is uranium – the key ingredient for nuclear power. [Click here now](#) to download our special **FREE** report “**Fuel Your Portfolio With This Energetic Commodity**”. We think you'll be surprised at how bright the future is for uranium, how far these 2 stocks have fallen, and how quickly they could rebound. [Click here now](#) for the nuclear ride of your life!

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Fool contributor Iain Butler has no position in any of the stocks mentioned at this time. The Motley Fool does not own any stocks mentioned at this time.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BTO (B2Gold Corp.)
2. TSX:CG (Centerra Gold Inc.)
3. TSX:NG (NovaGold Resources Inc.)

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