



Why Kinross Gold Corporation Might Be Poised to Bounce Back

Description

While Fools should generally take the opinion of Wall Street with a grain of salt, it's not a bad idea to take a closer look at particularly stock-shaking upgrades and downgrades — just in case their reasoning behind the call makes sense.

What: Shares of **Kinross Gold Corporation** ([TSX: K](#)) ([NYSE: KGC](#)) rallied 3% today after Goldman Sachs upgraded the gold miner from sell to neutral.

So what: Along with the upgrade, analyst Andrew Quail planted a price target of \$4.20 on the stock, representing about 6% worth of downside to yesterday's close. So while momentum traders might be turned off by Kinross' sharp price decline in recent weeks, Quail's upgrade could reflect a growing sense on Bay Street that its prospects are becoming too cheap to pass up.

Now what: According to Goldman, Kinross's risk/reward tradeoff isn't as bad relative to other picks in the sector. "We upgrade our rating on Kinross to Neutral (from Sell) following the stock's recent share price decline," said Quail. "Our Neutral rating also reflects that we see greater downside potential elsewhere in our sector coverage."

So while Kinross remains a bit too speculative for average investors, its beaten-down stock price might be something for risk-tolerant contrarians to consider.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)

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