



2 Gold Stocks to Protect Your Portfolio

Description

Gold may be pretty to look at but it is also quite versatile. It's electrically conductive and can act as radiation and UV shielding. You might even have some in your smartphone right now. Gold is incredibly malleable, doesn't tarnish, and most of all, acts almost as insurance against the economy.

With the market crash in 2008, gold surged as investors saw it as a safety net to wait out the storm. Now with the economy stabilizing, gold has been slipping, ending the week at U.S.\$1,311.40 per ounce. This is creating some issues for gold producers, but it may be opening the doors for investors to jump in. Savvy investors know how to look for trends and predictable gaps in the continuity of the market, and know when to invest or sell.

Let us then take a quick look at a few Canadian gold producers that could be your portfolio's linchpin during the next economic reversion, collapse, correction, realignment, recession, or glitch.

Barrick Gold

The first golden quick pick is **Barrick Gold** ([TSX: ABX](#))([NYSE: ABX](#)). The stock's chart looks less like a gentle climb up a mountain and more like a roller coaster, with at least seven substantial sharp drops and rises in the past 12 months. Ending the week at a price of \$20.62, Barrick is right in the middle ground of its 52-week range of \$16.19 to \$23.78. It is also only \$0.32 above its average price target.

That is part of the allure of gold companies right now: low short-term gains that could be offset by a future rise in gold prices. Also, investors could nab some shares at a better price, as the company is going through some significant management changes. In particular, there is the possibility of a Chinese expansion led by the expected new head of the company, John Thornton, who has many contacts from his days at Goldman Sachs.

Eldorado Gold Corp

The second golden ticket goes to **Eldorado Gold** ([TSX: ELD](#))([NYSE: EGO](#)), which saw its revenue decline in the first quarter, dropping to \$279 million from \$338 million in Q1 2013. However its gold production numbers didn't slip, with 190,628 ounces produced during the quarter, up from 189,346

during the same period last year. The real culprit here is the lower price of gold, with an average realized price of \$1,299 in the quarter, down from \$1,622 in Q1 2013.

Again, these lower gold prices enable investors to load up on gold stocks at a discount. Breaking down Eldorado's profits during the first quarter, there is a net profit attributable to shareholders of \$31.3 million, or \$0.04 per share. This is a dramatic shift from the \$45.5 million, or \$0.06 per share, loss in Q1 2013.

Now there is only a short time to wait for the second quarter results to come out on July 31, to see if the growth from Q1 was sustained.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:EGO (Eldorado Gold Corporation)
3. TSX:ABX (Barrick Mining)
4. TSX:ELD (Eldorado Gold Corporation)

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