Are Goldcorp Inc., Barrick Gold Corp., and Eldorado Gold Corp the Best Gold Miners to Buy Now?

Description

Gold prices remain substantially lower than their 2012 peak, currently trading just below U.S.$1,300 per ounce. Not even the recent uptick in geopolitical tensions has proven enough of a catalyst to encourage investors back to the market, and the price remains under pressure as the Federal Reserve continues to unwind its monthly bond buying program. According to **Goldman Sachs**, gold will continue its descent and fall to $1,050 by year-end.

This is bad news for gold miners that suffered huge write-downs in 2013 as the plunge in gold prices caught them off guard. The miners that are most likely to thrive in the coming months and years are those whose all-in sustaining costs, the costs incurred in the complete mining life cycle from exploration to closure, are declining.

Here are three gold miners that recently reported results that showed an improvement in their all-in sustaining costs.

1. Goldcorp Inc.

When **Goldcorp Inc**. (TSX: G)(NYSE: GG) released its second quarter results, the company reported that all-in sustaining cash costs declined to U.S.$852 per ounce, much lower than the U.S.$1,227 per ounce of all-in sustaining costs that the company reported in the second quarter of 2013.

Goldcorp's reduced costs were attributed to various continuing cost improvements, particularly at the Penasquito mine in Mexico. The company also saw a reduction in costs at its older mines, which need to see operating costs go down in order to remain competitive during times of lower gold prices.

Goldcorp's all-in sustaining costs averaged U.S.$846 per ounce over the first half of the year, much lower than its full-year guidance of U.S.$950-$1,000. However, the company has maintained its full-year guidance because it expects higher capital spending in the second half.

2. Eldorado Gold Corp

Eldorado Gold Corp (TSX: ELD)(NYSE: EGO) released second-quarter earnings that were in line with analysts' expectations, but the company reported that average all-in sustaining costs dropped U.S.$829 per ounce. The company had previously called for all-in sustaining costs to fall between U.S.$915-$985 per ounce for the full year; given this recent performance it is now looking for lower all-in sustaining costs of U.S.$850 per ounce.

3. **Barrick Gold Corp.**

When **Barrick Gold Corp.** (TSX: ABX)(NYSE: ABX) reported its second-quarter earnings, which were in line with expectations, the company also reported that all-in sustaining costs declined to U.S.$865 per ounce in the quarter, compared to U.S.$910 per ounce in the second quarter of 2013.

This decline in all-in sustaining costs contributed to Barrick reissuing its 2014 guidance. Barrick is now looking for full-year all-in sustaining costs to be 2%-4% lower than the previous forecast, which was for U.S.$900-$940 per ounce.

Investor takeaway

Although miners started putting in the work to reduce operating costs last year, the market largely shrugged off these adjustments as investors focused on the huge write-downs these companies were being forced to take. Now, the miners who are seeing costs drop are best positioned to survive lower gold prices.

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)

Category

1. Investing

Date
2025/09/16
Date Created
2014/08/07
Author
lklingel