



Recession in Europe? These Two Gold Companies May Grow Because of It

Description

There are reports that Europe might be entering a recession again. With a slowing economy in Europe comes a fear that it could hit the United States, which has a particularly strong dollar right now. To prevent that from happening, the Fed will have to refrain from raising rates on the dollar. By doing this, the strength of the dollar diminishes.

All of this so called doomsday talk is perfect for the gold market. Gold is an asset people buy when they are afraid that their fiat currency is not going to do well. If Europe really does enter a recession and there's fear that it will spread, I believe that gold will rise in value.

And it's all those gold miners that will reap the benefits. Here are two gold companies you should look at if Europe does enter a recession.

Yamana Gold Inc.

Yamana Gold Inc. ([TSX: YRI](#))([NYSE: AUU](#)) is one of my favorite gold stocks on the market right now for a few reasons. The primary one is because it is the perfect example of a value stock. If you look in the dictionary under "value," you'll see Yamana. I almost feel like I would be committing robbery if I were to buy this stock because it is priced so inexpensively. Keyword is almost.

This company is also in a position to increase its production and decrease its costs. It recently partnered with **Agnico Eagle Mines Ltd.** ([TSX: AEM](#))([NYSE: AEM](#)) to buy the Canadian Malartic property. Just how much gold is going to come out of this? It could be quite a bit.

This company is ready to soar and if fear kicks in from Europe, I really believe that it will.

Goldcorp Inc.

Goldcorp Inc. (TSX: G)(NYSE: GG) is one of the most efficient gold mines in the world. By pulling gold out of the ground without great cost, it is able to grow even when gold prices are depressed.

What's particularly good about Goldcorp is that it is finally seeing returns at the Éléonore mine in

Northern Quebec. By 2018, this is expected to return 7,000 tonnes per day. And even then, that's still not the only mine Goldcorp is opening.

But here's the real reason I like Goldcorp: It can survive gold prices dropping even further. If prices drop, smaller, more inefficient mines won't be able to afford their operations and they might sell. If that happens, Goldcorp can swoop on in and get operational mines that it can then turn around and make more efficient.

At the end of the day, if there is a recession in Europe, there is going to be fear and gold companies might make for really good stocks to own then.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:AUY (Yamana Gold)
3. TSX:AEM (Agnico Eagle Mines Limited)
4. TSX:YRI (Yamana Gold)

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