



## 2 Big Reasons to Buy Goldcorp Inc. Instead of Barrick Gold Corp.

### Description

If you had invested \$10,000 in **Goldcorp Inc.** (TSX: G)(NYSE: GG) 15 years ago, and reinvested dividends, today your stake would be worth over \$60,000. If you had made that same investment in **Barrick Gold Inc.** ([TSX: ABX](#))(NYSE: ABX), your investment would be worth less than \$7,000.

Clearly Barrick has had its fair share of problems, while Goldcorp has been a model citizen. But now, with Barrick's stock price beaten up so much, many investors are wondering if now's the time to buy. After all, Warren Buffett always says to be greedy when others are fearful.

That being said, Goldcorp is still the better investment, even if its stock may seem more expensive. Below are two big reasons why.

#### 1. Falling production

Barrick deserves some credit for lowering its costs. To illustrate, its all-in sustaining costs fell to \$849 through the first six months of this year, right in line with Goldcorp's \$852. To get to this point, Barrick sold off some high-cost mines and also cut back on capital spending.

But this comes with a nasty side effect: falling production. More specifically, Barrick expects production this year between 6.0 million ounces and 6.5 million ounces, down from 7.2 million ounces last year. The news could get worse – with gold prices having fallen so much, many of its projects may now be uneconomic.

Meanwhile, Goldcorp hasn't missed a beat. In the most recent quarter, gold production increased by 4% from the year earlier. And if the company had been successful in taking over **Osisko Mining**, that growth rate would be even higher.

#### 2. Greater flexibility

Even though Goldcorp failed to acquire Osisko, its shareholders can take comfort for two reasons. First, management will not overpay for an acquisition. Second, there will be other opportunities, especially with junior mining shares being beaten up so much.

And Goldcorp's balance sheet gives it this flexibility. It has less than \$1 billion in net debt, a very tiny amount for a \$20 billion company. In other words, the company can do whatever it wants.

Meanwhile, Barrick has far fewer options, with over \$10 billion in net debt. Granted, this debt is long-term. But it still means the company will not be buying up companies like Goldcorp can. This is unfortunate, since this is the perfect time to take advantage of cheap targets.

But at the end of the day, there are options even better than either of these companies. Five are highlighted in the free report below.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

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### **Date**

2025/07/23

### **Date Created**

2014/10/17

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