



## 3 Reasons to Start a Position in Goldcorp Inc. Now

### Description

There's no denying that the precipitous drop in the price of gold has caused many companies and investors to feel some pain. There was a time when gold bulls were saying "to the stars" every week as gold kept rising. However, after a tumultuous year, it appears that gold might have found its support, starting the year and ending the year at around the same price of US\$1,200.

Because of that, I believe it is the right time to start a position in **Goldcorp Inc.** (TSX:G)(NYSE:GG). Of all the Canadian gold miners out there, I believe that Goldcorp is the best. Here are three reasons I believe you should start a position.

#### 1. Efficient operations

Goldcorp is considered one of the cheapest gold producers on the planet. It is able to produce an ounce of gold at a lower cost than most of its competitors. This puts it into an interesting position as it is able to generate profits even when the price of gold drops whereas other competitors might have to shut their doors.

It costs about US\$1,060 for Goldcorp to get gold out of the ground. Right off the bat, that means that if it sold that ounce the next day, it would generate right around \$140 profit. However, that's not good enough for the company and it is working on becoming even more efficient. The company is looking to save an additional \$185 million over the next year.

#### 2. Attractive point of entry

Because of gold prices right now, the company's valuation has been hammered.

That gives us an opportunity. While it is often dangerous to try and pick the bottom of a stock, there are a couple reasons I believe we have achieved that. On December 16, it hit a low of \$19.88. On December 23, it again went to test that price, but it bounced off it. This leads me to believe that Goldcorp might have support at \$19.88. There are two ways to play this. The first is to start a position now. The second is to wait to see if it tests that low again. If it bounces back, I imagine the rally will be great.

Either way, the price point right now is attractive and should be exploited. If gold prices increase, this stock will rise.

### **3. It pays a consistent dividend**

The third reason you should buy this stock is because of the dividend. Since 2004, it has paid a dividend every month to its investors. And it has never missed a beat. Further, the dividend is a highly lucrative 3.1%. I don't believe this dividend will be cut anytime soon. However, if gold were to drop for a sustained period of time, that dividend could be in for some pain.

If you're looking for other dividing-paying companies to add to your portfolio, I think you might like this report my colleagues put together about some of the best dividend companies around.

#### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

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