

3 Top Gold Stocks to Consider Buying Today

Description

As the U.S. dollar has continued to strengthen, commodities like precious metals have continued to be under pressure, and this has caused weakness in the stocks of the companies who mine and produce them. Even though I think this weakness is warranted, I also think it has led to a great long-term buying opportunity, so let's take a look at three gold stocks you should consider buying today.

1. Goldcorp Inc.

Goldcorp Inc. (TSX:G)(NYSE:GG) is one of the world's largest and fastest growing senior gold producers. The company produced a record 2.87 million ounces of gold in fiscal 2014, an increase of 11% from fiscal 2013, and it expects to build on this in fiscal 2015, with a current forecast of 3.3-3.6 million ounces.

At today's levels, Goldcorp's stock trades at 38.8 times fiscal 2014's adjusted earnings per share of US\$0.61, which seems a bit high, but it trades at just 25.2 times fiscal 2015's estimated earnings per share of US\$0.94 and only 21.3 times fiscal 2016's estimated earnings per share of US\$1.11, both of which are inexpensive compared to its five-year average price-to-earnings multiple of 28.6.

I think Goldcorp's stock could consistently trade at a fair multiple of at least 28, which would place its shares upwards of \$26 by the conclusion of fiscal 2015 and upwards of \$31 by the conclusion of fiscal 2016, representing upside of about 10% and 31%, respectively, from current levels. Also, the company pays an annual dividend of US\$0.20 per share, which gives its stock a 0.8% yield, and this will provide additional returns to investors going forward.

2. Agnico Eagle Mines Ltd.

Agnico Eagle Mines Ltd. ([TSX:AEM](#))([NYSE:AEM](#)) is one of the world's largest producers of gold. The company produced a record 1.43 million ounces of gold in fiscal 2014, an increase of 30% from fiscal 2013, and it expects to build on this in fiscal 2015, with a current forecast of 1.6 million ounces.

At current levels, Agnico's stock trades at 50.5 times fiscal 2014's adjusted earnings per share of US\$0.74 and just 29.9 times fiscal 2015's estimated earnings per share of US\$1.25, both of which are inexpensive compared to its five-year average price-to-earnings multiple of 54.9.

I think Agnico's stock could consistently trade at a fair multiple of at least 35 due to its high growth rate, which would place its shares upwards of \$43.50 by the conclusion of fiscal 2015, representing upside of more than 16% from today's levels. Also, Agnico pays an annual dividend of US\$0.32 per share, which gives its stock a 0.9% yield, and this is a small added benefit of owning the stock today.

3. Eldorado Gold Corp.

Eldorado Gold Corp. ([TSX:ELD](#))([NYSE:EGO](#)) is one of the world's leading low-cost producers of gold. The company produced a record 789,224 ounces of gold in fiscal 2014, an increase of 9.4% from

fiscal 2013, but it expects its production to decline in fiscal 2015 with a current forecast of 640,000-700,000 ounces.

At today's levels, Eldorado's stock trades at 32 times fiscal 2014's adjusted earnings per share of US\$0.19 and just 24.4 times fiscal 2015's estimated earnings per share of US\$0.25, both of which are inexpensive compared to its five-year average price-to-earnings multiple of 36.9.

I think Eldorado's stock could consistently command a fair multiple of at least 28, which would place its shares at approximately \$7 by the conclusion of fiscal 2015, representing upside of about 15% from today's levels. Also, the company pays an annual dividend of \$0.02 per share, which gives its stock a 0.3% yield.

Which of these top gold stocks should you buy today?

Goldcorp, Agnico Eagle Mines, and Eldorado Gold represent three of the top investment opportunities in the gold industry today. Foolish investors should take a closer look and strongly consider establishing long-term positions in one of them.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:EGO (Eldorado Gold Corporation)
3. TSX:AEM (Agnico Eagle Mines Limited)
4. TSX:ELD (Eldorado Gold Corporation)

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