# Are We Seeing the Return of a Fear-Fueled Gold Run?

## Description

The past few weeks have been a roller coaster ride for investors of stocks, precious metals, and currency. Diversification is a great (and safe) rule to follow when investing, but if there's one thing that we can all learn from the past couple of weeks, it is that we are all strapped in for the ride, irrespective of our preferred investment of choice.



Let's take a look at how recent events have impacted gold and gold suppliers

**Gold rises…and drops. And then rises**

Investors have been running to gold as a safe store of wealth for as long as anyone can remember, and for good reason. Everyone wants gold, of which there is limited supply, and the price for the most part trends upwards.

After the infamous peek in gold prices shy of $2,000 an ounce in 2011, the precious metal has been deflating in price, passing the price floors of $1,500, $1,300, and $1,200, respectively. Earlier this year the metal finally fell through the $1,100 mark, setting off price alerts for investors to get in (or out).

There are countless reasons for this drop—primarily the strengthening of the U.S. dollar, the incredible rally of the markets over the past few years, and even the emergence of new cryptocurrencies such as Bitcoin as a store of wealth.

More recently gold has started to creep back up, passing the $1,100 mark thanks in part to China.

China sent shockwaves around the financial world by devaluing its currency. Markets worldwide didn't particularly respond well initially, with New York , Toronto, London, and Tokyo all dropping sharply as investors fled volatile markets for the perceived safety of gold.

So, how are gold producers faring, particularly with this change?

**Barrick Gold Corp.**

**Barrick Gold Corp** (TSX:ABX)(NYSE:ABX) is the top producer of gold worldwide. It has had a stellar week with the stock rising over 10%. This increase is despite the company announcing a cut to dividends and a net loss of $9 million in the most recent quarter.

The stock is still down roughly 60% over the course of a full year, but as demand and price for the precious metal continue to increase, the stock will likely follow along for the ride, erasing previous losses.

**Goldcorp Inc.**

**Goldcorp Inc.** (TSX:G)(NYSE:GG) is also reaping the rewards of shaky investors, with the stock up over 6% for the week. Goldcorp also cut dividends recently, and the stock is down over 40% for the year.

Goldcorp does have two advantages over other gold producers. The company has considerably less debt and has already implemented a number of processing efficiencies that make producing low-priced gold more profitable. With gold starting to rise in price, those efficiencies will bear even more fruit in producing greater revenues for the company.

In my opinion, both of these companies represent a good opportunity, particularly seeing as this could be the beginning of a new gold run. Even if the gold run does not happen, buying into one or both of these companies at their current discount rates will ensure your portfolio is diversified, and you will have some dividend income to show for it.



**CATEGORY**

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

**TICKERS GLOBAL**

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

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