

Should You Be Bullish or Bearish on Kinross Gold Corporation Today?

Description

Kinross Gold Corporation ([TSX:K](#))([NYSE:KGC](#)), one of the world's largest producers of gold, announced third-quarter earnings results after the market closed on November 10, and its stock responded by rising over 1.5% in the trading session that followed.

The stock still sits more than 51% below its 52-week high of \$3.71 reached back in January, so let's take a closer look at the results to determine if we should be bullish and buy the stock or if we should be bearish and continue to avoid it.

Lower gold prices and sales volumes lead to year-over-year declines

Here's a summary of Kinross's third-quarter earnings results compared with its results in the same period a year ago. All figures are in U.S. dollars.

Metric	Q3 2015	Q3 2014
Adjusted Earnings Per Share	(\$0.02)	\$0.06
Metal Sales	\$809.4 million	\$945.7 million

Source: Kinross Gold Corporation

In the third quarter of fiscal 2015, Kinross reported an adjusted net loss of \$23.9 million, or \$0.02 per share, compared to an adjusted net profit of \$70.1 million, or \$0.06 per share, in the same period a year ago, as its total metal sales decreased 14.4% to \$809.4 million.

The very weak results above can be attributed to two primary factors. First, gold prices have fallen significantly over the last year, which led to its average realized selling price decreasing 11.5% to \$1,122 per ounce. Second, its total sales volume decreased 3.2% to 715,648 gold equivalent ounces.

Here's a quick breakdown of five other notable statistics from the report compared with the year-ago period:

1. Attributable gold equivalent ounces produced decreased 1.9% to 680,679
2. Consolidated production cost of sales per equivalent ounce sold decreased 4.2% to \$668
3. Attributable margin per gold equivalent ounce sold decreased 20.4% to \$454
4. Gross profit decreased 54.5% to \$87.3 million
5. Adjusted operating cash flow decreased 36.3% to \$206.6 million

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It was a horrible quarter overall for Kinross. Simply put, it produced less gold and sold less of it at lower prices, leaving investors with absolutely no reason to be bullish on its stock today. With this being said, I do not think the slight post-earnings pop in its stock is warranted and only see downside from here, so Foolish investors should avoid it until its next quarterly report at the very least.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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2. TSX:K (Kinross Gold Corporation)

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