



## Is Yamana Gold Inc. the Best Gold Stock to Own?

### Description

When it comes to selecting a gold stock, most of the companies on the market have had the same struggles over the past few years: the price of gold runs up to US\$1,900 per ounce and then experiences an epic crash to sub-US\$1,100 per ounce. Recently, the price of gold has started to slowly ascend, recently passing US\$1,280 per ounce.

As the price of gold went up, so too did the stock prices of many of the gold producers who were forced to cut production, staff, and turn to efficiencies over the past few years. One company that shot up much quicker than the rest is **Yamana Gold Inc.** ([TSX:YRI](#))([NYSE:AUY](#)).

Here's a look at why Yamana is up so much this year and if you should consider investing in the company.

### Massive growth, but why?

In the past six months, Yamana is up an amazing 146%. In April alone, the stock rose nearly 58%. In the past week, the stock has surged by 14.7% and is still going up. While Yamana's competitors are up in the same time frame, they are not up by anywhere near the same amount.

One important factor to note about Yamana is that it has significantly fewer costs than the competition. The company dropped debt by a massive US\$286 million last year and has plans for more debt reductions of US\$300 million over the next few years.

Yamana has a number of operations in Brazil that were not performing as well as expected. The company considered selling off the assets but ended up keeping them. Then last month, Yamana acquired yet another mine in Brazil. That deal housed a number of copper-related conditions, which will ultimately result in an increased cash flow from gold and a slight reduction in cash flow stemming from copper.

Considering how the precious metal has appreciated over the past month, this is part of the reason why Yamana rose faster than other producers.

## What's next for Yamana?

Yamana is focused on reducing debt and raising production, which are both great for the company and investors. The company is currently forecasting production of 1.2-1.3 million gold ounces for 2016 and 6.9-7.2 million ounces of silver.

Yamana recently posted earnings of US\$38.4 million, or \$0.04 per share. On an adjusted basis, earnings came in at US\$28.8 million, or \$0.03 per share.

In my opinion, Yamana remains a great opportunity for investors who are seeking to diversify with a gold stock. As the price of gold and silver continues to appreciate, so too should Yamana's bottom line. When viewed in conjunction with the company's debt-reduction plans, the prospect of investing in Yamana becomes all the more attractive.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:YRI (Yamana Gold)

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