



What Is the Best Gold Stock to Invest in Right Now?

Description

After what seems like an eternity of stagnant growth in the precious metals industry, I think it's safe to say the gold market has come back to life.

It was nearly five years ago that gold prices peaked at US\$1,900 per ounce and then started to collapse to the sub-US\$1,100-per-ounce level that the metal was trading at just a few months ago. Gold producers were hit particularly hard during the past few years, forced to cut costs by any and all means to become more efficient and weather the storm.

Fortunately, since the turn of the year, gold has risen approximately 30%, elevating the stock price of gold producers, in some cases by huge amounts. Here's a look at a few of the gold stocks that have risen. Which one is the best fit for your portfolio?

Barrick Gold Corp.

Barrick Gold Corp. ([TSX:ABX](#))(NYSE:ABX) is an interesting stock. A little over a year ago, the company was overwhelmed in over US\$13 billion in debt and struggled to become more efficient. The company introduced an aggressive turnaround strategy that had debt reduction and improved efficiency as the ultimate goals.

A year later, Barrick has slashed US\$3 billion in debt off the balance sheet, and it has a plan to remove another US\$2 billion this year. That's nearly 40% of the company's debt paid off in a little over a year. That's impressive, but there's more.

The company also made strides on the efficiency front, reducing the all-in sustaining costs down to US\$706 per ounce. With gold prices now over US\$1,300 per ounce and less debt to pay, Barrick suddenly looks a lot more attractive than it did last year.

Year-to-date the company stock is up by an amazing 175%. Even more amazing is that the company is posed to continue down the path of increasing efficiency and reducing debt. If gold prices stay the same or continue to rise, Barrick shareholders will be very pleased.

Goldcorp Inc.

Goldcorp Inc. (TSX:G)(NYSE:GG) is another gold producer that has largely followed the same path that of other gold producers over the past few years. Goldcorp has already dropped guidance for 2016 by 15% over last year because the mature mines the company has are yielding less of the precious metal.

To that end, the company has stepped forward earlier this year and acquired Kaminak Gold, which will provide a boost to the amount of gold that Goldcorp can mine, but the full potential of adding the mine will not be realized for at least a few years.

Further acquisitions for Goldcorp seem likely in the future too as the company is constantly looking to bolster reserves.

Year-to-date, Goldcorp is up by 56%, and assuming the current rally on gold continues or improves, Goldcorp will continue to appreciate in price.

The better investment

Both companies are interesting investment options for different reasons. While Goldcorp has not shown the same discipline as Barrick, the fact that the company is acquiring new mines that will bolster production and provide revenue over the long-term is admirable. That being said, the actions of Barrick will yield results for the company regardless of whether or not the current rally continues. In my opinion, Barrick carries more weight, at least for the moment.

Barrick is the better of the two investments. The impressive debt reduction and improved efficiency are just too hard to ignore given the current market.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. TSX:ABX (Barrick Mining)

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