



## Is Barrick Gold Corp. or Goldcorp Inc. a Better Contrarian Pick Today?

### Description

Gold bugs are looking at the latest surge in gold prices and wondering which stocks still offer strong upside potential.

Let's take a look at **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) and **Goldcorp Inc.** (TSX:G)(NYSE:GG) to see if one is more attractive today.

#### Barrick

Barrick launched an aggressive turnaround plan in early 2015 that few pundits believed would succeed.

Why?

The company wanted to cut its US\$13 billion debt load by \$3 billion by the end of the year. That seemed a bit ambitious as gold continued on its downward trend, but Barrick pulled it off through a series of non-core assets sales, new partnerships, and streaming deals.

Last year the transition continued, and investors should see the year-end results show the company reduced debt by an additional US\$2 billion or better.

Over the medium term, the company plans to reduce the debt balance to below US\$5 billion.

Operating improvements are also coming along nicely. Barrick reduced its all-in sustaining costs (AISC) guidance three times last year and should report 2016 AISC of US\$740-775 per ounce.

The company expects to get AISC down to US\$700 per ounce by 2019.

#### Goldcorp

Goldcorp ran into some operational difficulties over the past couple of years, and that's why the stock has underperformed its peers.

However, after riding out a dividend cut and falling production, solid efforts to streamline the business

are bearing fruit, and Goldcorp appears to be on the mend.

In fact, production is expected to rise 20% over the next five years as expansions and new developments come online and recent start-ups reach target production.

One project to watch is the company's Coffee site located in the Yukon. Goldcorp expects the mine to produce 200,000 ounces of gold per year beginning in 2020.

AISC came in at US\$812 in Q3 2016, which was a nice improvement from the \$858 per ounce the company reported in Q3 2015. Management recently said it sees AISC falling to US\$700 per ounce in the medium term.

### **Is one more attractive?**

Both companies are making the necessary improvements to ride out any additional volatility in gold prices and are poised to benefit from an improved market.

At this point, Barrick is farther ahead in the turnaround process, but the stock has also moved significantly higher as a result.

Contrarian investors might want to make Goldcorp the first pick today. The market is catching on that better days are ahead, and the stock could outperform its peers in the short term.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **POST TAG**

1. Editor's Choice

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

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