



## Goldcorp Inc.: Is it Time to Own This Stock?

### Description

**Goldcorp Inc.** (TSX:G)(NYSE:GG) just delivered solid Q4 2016 earnings, and investors are wondering if the time has come to add this stock to their portfolios.

Let's take a look at the current situation to see if Goldcorp should be on your buy list.

### Turnaround progress

Goldcorp reported Q4 2016 net earnings of US\$101 million, or US\$0.12 per share, compared to a large loss in the same period the previous year.

Gold production came in at 761,000 ounces for the quarter, which was a big drop from the 909,000 ounces produced in Q4 2015. At first glance, this isn't great news, but lower operating costs are the key story for the three months ended December 31.

Why?

Goldcorp's all-in sustaining costs (AISC) came in at US\$747 per ounce, compared to US\$977 per ounce the previous year. That's a significant improvement, and it looks like the trend is set to continue, as we'll see below.

The company's balance sheet remains in good shape. Goldcorp reduced debt by US\$169 million in the quarter to US\$2.5 billion and finished 2016 with US\$3.17 billion in available liquidity.

### Outlook

Management is focused on growing net asset value per share and continues to make progress on efforts to optimize the asset portfolio.

The business has targeted \$250 million in annual savings measures by the end of 2018. Goldcorp has already hit 40% of the goal.

Production is set to grow by 20% through 2022, as recently launched mines continue to ramp up to

capacity output and new sites move from development to production.

One asset to watch is the company's Coffee project located in the Yukon. Coffee is expected to be in production by early 2021 and comes with a total land package of 60,000 hectares that could generate additional resources.

Goldcorp expects reserves to rise by 20%, while AISC should drop another 20% over the next five years.

## **Gold market**

Gold struggled through the second half of 2016, but has picked up a tailwind since the middle of December and continues to move higher.

What's up?

Markets are a bit nervous about President Trump's aggressiveness towards key trading partners. Some pundits are also starting to reduce expectations for Fed rate hikes.

If Trump decides to get nasty with China, and the Fed sends signals it might not raise rates three times in 2017, gold could get an extra boost.

Europe is also providing an incentive for investors to seek shelter in safe-haven assets. Brexit remains a concern and French elections could result in a new president who is threatening to dump the euro and hold a referendum on E.U. membership.

So, there is potential fuel for an extended gold rally.

## **Should you buy?**

Goldcorp has been out of favour with investors for the past couple of years, so there might be an opportunity right now to pick up the stock while it is still the outsider.

If you are bullish on gold, I think Goldcorp is an interesting contrarian pick today.

## **CATEGORY**

1. Investing
2. Metals and Mining Stocks

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Yahoo CA

## **Category**

1. Investing
2. Metals and Mining Stocks

## **Date**

---

2025/08/02

**Date Created**

2017/02/16

**Author**

aswalker

default watermark

default watermark