



Gold Investors: Is it Time to Own Barrick Gold Corp.?

Description

Gold is picking up some momentum, and investors are wondering which stocks might be attractive right now.

Let's take a look at **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) to see if it deserves to be in your portfolio.

Solid numbers

Barrick just reported strong 2016 results.

The company generated adjusted net earnings of US\$818 million, or US\$0.70 per share for the year. Operating cash flow was US\$2.64 billion, and Barrick churned out US\$1.51 billion in free cash flow.

Gold production came in at 5.52 million ounces, near the top of guidance, at all-in sustaining costs (AISC) of US\$730 per ounce.

Barrick has made good progress on its turnaround efforts and reduced its debt load by an additional US\$2 billion in 2016. That's after a US\$3 billion reduction the previous year.

Looking forward, the good news is set to continue.

Barrick plans to lower debt by an additional US\$2.9 billion by the end of 2018 with half of the payments targeted for 2017.

Production guidance for this year is 5.6-5.9 million ounces of gold at AISC of US\$720-770 per ounce.

Improved free cash flow is starting to head back into the hands of investors. Barrick just raise the quarterly dividend by 50% to \$0.03 per share.

Gold market

Gold has picked up a tailwind since mid-December, and while the market could easily reverse course,

there are a few reasons investors are feeling bullish.

President Trump's aggressiveness towards key trading partners is nudging some money into safe-haven assets.

At the same time, investors are keeping a close eye on developments in Europe.

Why?

The Brexit might turn out to be a bit uglier than expected, Italy's banks are a mess, and France could be on the verge of electing a president who wants to drop the euro and hold a referendum on E.U. membership.

Could gold fall?

The U.S. Federal Reserve intends to raise interest rates three times in 2017. This should provide a headwind for the gold market and could overpower any safe-haven demand triggered by geo-political events.

Should you buy Barrick?

Barrick is now a low-cost producer with industry-leading output and a much healthier balance sheet. The business is generating ample free cash flow at current gold prices and is positioned to benefit from any upward trend in the market.

I wouldn't back up the truck given the recent gains and the Fed headwinds, but if you are a long-term gold bull, Barrick should probably be on your buy list.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/08/02

Date Created

2017/02/22

Author

aswalker

default watermark

default watermark