



## Barrick Gold Corp.: Buy Today?

### Description

**Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) is clawing back some of its recent losses, and investors who have been on the sidelines waiting for a chance to get in are wondering if this is the right time to buy.

Let's take a look at the world's largest gold producer to see if it deserves to be in your portfolio.

### Earnings miss

Barrick's stock took a hit after the company reported lower-than-expected net earnings for Q1 2017.

The company also reduced its output guidance for a troubled mine in Argentina, resulting in added pressure on the stock.

Barrick lowered its production target at the Veladero mine to 630,000-730,000 ounces compared to previous expectations of 770,000-830,000 ounces.

As a result, all-in sustaining costs (AISC) at the site are going to come in at US\$890-990 per ounce compared to US\$840-940 per ounce.

In the first quarter, Barrick produced 1.31 million ounces of gold at AISC of US\$772 per ounce.

Operating cash flow increased to US\$495 million from US\$451 million last year, and the company generated US\$161 million in free cash flow.

Operational problems are common in the gold sector, and while the difficulties at Veladero are a setback, they should be temporary.

### Gold market

Gold is getting a bit of a lift in recent days after the sell-off in the wake of the French election.

Markets initially let out a sigh of relief when Emmanuel Macron beat far-right candidate Marine Le Pen

for the French presidency, but safe-haven demand has quickly returned with a focus on the United States.

What's up?

President Trump's dismissal of FBI director James Comey is getting attention as rumours swirl that the president might have asked the former FBI boss to halt an investigation into Michael Flynn, the former national security adviser.

Headlines containing the word "impeachment" are emerging, and that is making investors nervous.

Whether or not the situation will escalate is anyone's guess, but there is potential for the story to drive strong gold demand in the coming weeks and months.

In addition, North Korea continues to test long-range missiles, and Brexit talks could get ugly, so there is ample potential for further market disruptions.

### **Should you buy Barrick?**

Barrick is the largest gold producer with some of the lowest production costs in the industry. The company is making good progress on its turnaround efforts and now has its debt situation under control. Barrick even raised its dividend earlier this year.

You have to believe gold is in the early stages of a long-term recovery to own any of the miners today. If you fall in that camp, I think Barrick's recent pullback offers an attractive entry point.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

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